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

FORM 10-K

(Mark One)
x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended July 29, 2011

OR

o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______________ to________________________

Commission file number: 000-25225

Cracker Barrel Old Country Store, Inc.

(Exact name of registrant as specified in its charter)

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

Registrant's telephone number, including area code: (615) 444-5533

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

Title of each class	Name of each exchange on which registered
Common Stock (Par Value $.01)	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No □

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. □

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

Large accelerated filer ☑

Accelerated filer □

Non-accelerated filer □

Smaller reporting company □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes □ No ☑

The aggregate market value of voting stock held by nonaffiliates of the registrant as of January 28, 2011 (the last business day of the registrant's most recently completed second fiscal quarter) was $1,146,917,971.

As of September 20, 2011, there were 22,861,682 shares of common stock outstanding.

Documents Incorporated by Reference

	Document from which Portions are Incorporated by Reference	Part of Form 10-K into which incorporated
1.	Proxy Statement for Annual Meeting of Shareholders to be held December 20, 2011 (the “2011 Proxy Statement”)	Part III

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INTRODUCTION

General

This report contains references to years 2011, 2010 and 2009, which represent our fiscal years ended July 29, 2011, July 30, 2010 and July 31, 2009, respectively. All of the discussion in this report should be read with, and is qualified in its entirety by, the Consolidated Financial Statements and the notes thereto. All amounts other than share and certain statistical information (e.g., number of stores) are in thousands unless the context clearly indicates otherwise. Similarly, references to a year or quarter are to our fiscal year or quarter unless expressly noted or the context clearly indicates otherwise.

Forward Looking Statements/Risk Factors

Except for specific historical information, many of the matters discussed in this Annual Report on Form 10-K, as well as other documents incorporated herein by reference, may express or imply projections of items such as revenues or expenditures, estimated capital expenditures, compliance with debt covenants, plans and objectives for future operations, store economics, inventory shrinkage, growth or initiatives, expected future economic performance or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results that Cracker Barrel Old Country Store, Inc. (the “Company”) expects will or may occur in the future, are forward-looking statements that, by their nature, involve risks, uncertainties and other factors which may cause our actual results and performance to differ materially from those expressed or implied by those statements. All forward-looking information is provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these risks, uncertainties and other factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “trends,” “assumptions,” “target,” “guidance,” “outlook,” “opportunity,” “future,” “plans,” “goals,” “objectives,” “expectations,” “near-term,” “long-term,” “projection,” “may,” “will,” “would,” “could,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “potential,” “regular,” “should,” “projects,” “forecasts” or “continue” (or the negative or other derivatives of each of these terms) or similar terminology. We believe the assumptions underlying any forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. In addition to the risks of ordinary business operations, and those discussed or described in this report or in information incorporated by reference into this report, 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 this report below, as well as the factors described under “Critical Accounting Estimates” in Part II, Item 7 of this report below 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.

PART I

ITEM 1. BUSINESS

OVERVIEW

Cracker Barrel Old Country Store, Inc. (“we,” “us,” “our” or the "Company," which reference, unless the context requires otherwise, also includes our direct and indirect wholly-owned subsidiaries), is principally engaged in the operation and development of the Cracker Barrel Old Country Store® concept (“Cracker Barrel”). We are headquartered in Lebanon, Tennessee and were organized under the laws of the State of Tennessee in August 1998 (as a successor to one of our affiliated companies). We maintain an Internet website at crackerbarrel.com. We make available free of charge through our Internet website our periodic and other reports filed with or furnished to the SEC pursuant to the Securities and Exchange Act of 1934 (the “Exchange Act”) as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. Information on our website is not deemed to be incorporated by reference into this Annual Report on Form 10-K or any other filings that we make from time to time with the SEC.

OPERATIONS

As of September 20, 2011, we operated 604 stores in 42 states. None of our stores is franchised. Our stores are intended to appeal to both the traveler and the local customer and we believe they have consistently been a consumer favorite. We are often recognized for the quality of our operations. Most recently, in September 2011, we took first place in the family-dining category in a new independent consumer survey sponsored by Nation Restaurant News. Cracker Barrel was also recognized by consumers in the new Zagat restaurant survey for having the best breakfast. Additionally, in 2011, we were named “The Most RV Friendly Sit-Down Restaurant in America” by The Good Sam Club for the tenth consecutive year.

Store Format: The format of our stores consists of a trademarked rustic, old country-store design offering a full-service restaurant menu featuring home-style country food and a wide variety of decorative and functional items featuring rocking chairs, holiday and seasonal gifts and toys, apparel, cookware and foods. All stores are freestanding buildings. Store interiors are subdivided into a dining room occupying approximately 28% of the total interior store space, and a gift shop occupying approximately 23% of such space, with the balance primarily consisting of kitchen, storage and training areas. All stores have stone fireplaces and are decorated with antique-style furnishings and other authentic and nostalgic items, reminiscent of and similar to those found and sold in the past in traditional old country stores. The front porch of each store features rows of the signature Cracker Barrel rocking chairs that can be used by guests while waiting for a table in our dining room or after enjoying a meal and are sold by the gift shop. The kitchens contain modern food preparation and storage equipment allowing for flexibility in menu variety and development.

Products: Our restaurant, which generated approximately 79% of our total revenue in 2011, offers home-style country cooking featuring many of our own recipes that emphasize authenticity and quality. Except for Christmas day, when they are closed, and Christmas Eve when they close at 2:00 p.m., our restaurants serve breakfast, lunch and dinner daily between the hours of 6:00 a.m. and 10:00 p.m. (closing at 11:00 p.m. on Fridays and Saturdays). Menu items are moderately priced. The restaurants do not serve alcoholic beverages. Breakfast items can be ordered at any time throughout the day and include juices, eggs, pancakes, bacon, country ham, sausage, grits, and a variety of biscuit specialties, such as gravy and biscuits and country ham and biscuits. Prices for a breakfast meal range from $2.99 to $8.99, and the breakfast day-part (until 11:00 a.m.) accounted for approximately 23% of restaurant sales in 2011. Lunch and dinner items include country ham, chicken and dumplings, chicken fried chicken, meatloaf, country fried steak, pork chops, fish, steak, roast beef, vegetable plates, salads, sandwiches, soups and specialty items such as pinto beans and turnip greens. Lunches and dinners range in price from $3.99 to $13.49. In 2011, lunch (11:00 a.m. to 4:00 p.m.) and dinner (4:00 p.m. to close) day-parts reflected approximately 38% and 39% of restaurant sales, respectively. We may from time to time feature new items as off-menu specials or in test menus at certain locations to evaluate possible ways to enhance customer interest and identify potential future additions to the menu. Our menu has daily dinner features that showcase a popular dinner entrée for each day of the week. There is some variation in menu pricing and content in different regions of the country for both breakfast and lunch/dinner. The average check per guest during 2011 was $9.22, which represents a 2.2% increase over the prior year.

We also offer items for sale in the gift shop that are featured on, or related to, the restaurant menu, such as pies, cornbread mix, coffee, syrups and pancake mixes. The gift shop, which generated approximately 21% of our total revenue in 2011, offers a wide variety of decorative and functional items such as rocking chairs, seasonal gifts, apparel, toys, music CD's, cookware, old-fashioned-looking ceramics, figurines, a book-on-audio sale-and-exchange program and various other gift items, as well as various candies, preserves and other food items. Five categories (apparel, food, home, seasonal and toys) accounted for the largest shares of our retail sales in 2011 at approximately 21%, 18%, 15%, 14% and 12%, respectively. Our typical gift shop features approximately 3,200 stock keeping units ("SKU's"). Many of the food items are sold under the "Cracker Barrel Old Country Store" brand name. We believe that we achieve high retail sales per square foot of retail selling space (approximately $398 per square foot in 2011) as compared to mall stores both by offering appealing merchandise and by having a significant source of customers who are typically restaurant guests. We served an average of approximately 6,700 restaurant guests per week in a typical store in 2011.

Product Development and Merchandising: We maintain a product development department, which develops new and improved menu items either in response to shifts in customer preferences or to create customer interest. We utilize a formal development process to ensure products brought to market have a greater likelihood of meeting our goals. Our seasonal restaurant events are designed to provide new offerings to our customer base and to increase guest traffic. Our merchandising department selects and develops products for our gift shop. We are focused on driving retail sales by converting those customers who come to us for a restaurant visit. We follow a core and seasonal theme approach to meet the expectations of our guests while also providing new offerings to maintain high purchase levels. Our music program serves to deliver sales, provides a promotional platform for us, and, deepens and extends our country lifestyle associations. Some of the most recent additions to our exclusive music program include The Grascals, Jason Michael Carrol and Kenny Rogers Gospel.

Store Management and Quality Controls: Our store management, typically consisting, at each store, of one general manager, four associate managers and one retail manager, is responsible for an average of 102 employees on two shifts. The relative complexity of operating one of our stores requires an effective management team at the individual store level. To motivate store managers to improve sales and operational performance, we maintain a bonus plan designed to provide store managers with an opportunity to share in the profits of their store. The bonus plan also rewards managers who achieve specific operational targets. We also employ district managers to support individual store managers and regional vice presidents to support individual district managers. Each district manager oversees seven to eight individual stores and each regional vice president supports seven to nine district managers. Each store is assigned to both a restaurant and a retail district manager and each district is assigned to both a restaurant and a retail regional vice president. The various levels of restaurant and retail management work closely together to allow our stores to deliver a unique, integrated guest experience.

To ensure that individual stores are operated at a high level of quality, we focus significant attention on the selection and training of store managers. The store management recruiting and training program begins with an evaluation and screening process. In addition to multiple interviews and verification of background and experience, we conduct testing designed to identify those applicants most likely to be best suited to manage store operations. Candidates who successfully pass this screening process are then required to complete an eight-week restaurant training program consisting of five weeks of in-store training and three weeks of training at our corporate facilities. The training program provides us with managers who can effectively demonstrate the ability to deliver a great guest experience through the leadership and execution of our operating systems. This program allows new managers the opportunity to become familiar with our operations, culture, management objectives, controls and evaluation criteria before assuming management responsibility. We provide our managers and hourly employees with ongoing training through various development courses taught through a blended learning approach, including a mix of hands-on, classroom, written and Internet-based training. Each store is equipped with dedicated training computers for the Internet-based computer-assisted instruction programs. Additionally, each store typically has an employee training coordinator who oversees the training of the store's hourly employees.

Purchasing and Distribution: We negotiate directly with food vendors as to specification, price and other material terms of most food purchases. We have a contract with an unaffiliated distributor with custom distribution centers in Lebanon, Tennessee; McKinney, Texas; Gainesville, Florida; Elkton, Maryland; Kendalville, Indiana; and Ft. Mill, South Carolina. We purchase the majority of our food products and restaurant supplies on a cost-plus basis through this unaffiliated distributor. The distributor is responsible for placing food orders, warehousing and delivering food products to our stores. Deliveries are generally made once per week to the individual stores.

In 2011, four food categories (dairy (including eggs), beef, poultry and pork) accounted for the largest shares of our food purchasing expense at approximately 13%, 11%, 11% and 11%, respectively. Each of these categories includes several individual items. The single food item within these categories that accounted for the largest share of our food purchasing expense in 2011 was chicken tenderloin at approximately 5% of food purchases. Dairy is purchased through numerous vendors including local vendors. Eggs are purchased through two vendors. We purchase our beef, poultry and pork each through eight vendors. Should any food items from a particular vendor become unavailable, we believe that these food items could be obtained, or alternative products substituted, in sufficient quantities from other sources at competitive prices to allow us to avoid any material adverse effects that could be caused by such unavailability.

We purchase the majority of our retail items (approximately 84% in 2011) directly from domestic and international vendors and warehouse them at a retail distribution center in Lebanon. The distribution center, which we lease, is an approximately 370,000 square foot warehouse facility with 36 foot ceilings and 170 bays and includes an additional approximate 14,000 square feet of office and maintenance space. The distribution center fulfills retail item orders generated by our automated replenishment system and generally ships the retail orders once a week to the individual stores by a third-party dedicated freight line. Certain retail items, not centrally purchased and warehoused at the distribution center, are drop-shipped directly by our vendors to our stores. Approximately 38% of our 2011 retail purchases were directly from vendors in the People’s Republic of China. We have relationships with foreign buying agencies to source purchased product, monitor quality control and supplement product development.

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

Guest Satisfaction: We are committed to providing our guests a home-style, country-cooked meal, and a variety of retail merchandise served and sold with genuine hospitality in a comfortable environment, in a way that evokes memories of the past. Our commitment to offering guests a quality experience begins with our employees. Our mission statement, “Pleasing People,” embraces guests and employees alike, and our employees are trained on the importance of that mission in a culture of mutual respect. We also are committed to staffing each store with an experienced management team to ensure attentive guest service and consistent food quality. Through the regular use of guest surveys and store visits by district managers and regional vice presidents, management receives valuable feedback that is used in our ongoing efforts to improve the stores and to demonstrate our continuing commitment to pleasing our guests. We have a guest-relations call center that takes comments and suggestions from guests and forwards them to operations or other management for information and follow up. We use an interactive voice response (“IVR”) system to monitor operational performance and guest satisfaction at all stores on an ongoing basis. We have public notices in our menus, on our website and posted in our stores informing customers and employees about how to contact us by Internet or toll-free telephone number with questions, complaints or concerns regarding services or products. We conduct training in how to gather information and investigate and resolve customer concerns. This is accompanied by comprehensive training for all store employees on our public accommodations policy and commitment to "pleasing people."

Marketing: Outdoor advertising (i.e., billboards and state department of transportation signs) is the primary advertising medium utilized to reach our guests. Outdoor advertising accounted for approximately 57% of advertising expenditures in 2011, with our having approximately 1,600 billboards at year-end. We believe we are among the top billboard advertisers in the restaurant industry. We also employ other types of media, such as radio and television, to improve awareness and increase local visits. Digital marketing is becoming a larger part of how we plan to engage our guests with our website being the hub of our activities. Through the use of tools such as email and social media, we look to further engage our guests to build affinity, increase visits to our stores and encourage visits to our website. Additionally, in July 2011, we changed our agency of record to one of the largest global integrated marketing communications agencies, which we expect will extend our reach through new messaging and refinements in our marketing strategy. In 2012, we plan to spend approximately 2.0% of our revenues on advertising which is comparable to our spending in prior years. Outdoor advertising is expected to represent approximately 53% of advertising expenditures in 2012.

STORE DEVELOPMENT

We opened eleven new stores in 2011. We plan to open fifteen new stores during 2012, one of which was open as of September 20, 2011.

Our stores are located primarily along interstate highways; however, as of September 20, 2011, 94 (or approximately 16%) of our stores are located near "tourist destinations" or are considered “off-interstate” stores. In 2012, we intend to open eight of our new stores along interstate highways as compared to seven in 2011. We believe we should pursue development of both interstate locations and off-interstate locations to capitalize on the strength of our brand associated with travelers on the interstate highway system and by locating in certain local markets where our guests live and work. We have identified approximately 500 trade areas for potential future development with characteristics that appear to be consistent with those believed to be necessary to support successful stores.

Of the 604 stores open as of September 20, 2011, we own the land and buildings for 404, while the other 200 properties are either ground leases or ground and building leases. Our store prototypes range in size from approximately 8,900 square feet to approximately 10,000 square feet including approximately 2,100 square feet of retail selling space and have dining room seating for 177 to 207 guests.

Our capital investment in new stores may differ in the future due to building design specifications, site location and site characteristics. Land costs are expected to range from $800 to $1,400 per site if purchased. Building, furniture and equipment costs are expected to be in the range of $2,300 to $2,900 per store. Pre-opening costs are expected to be approximately $350 to $400 per store.

EMPLOYEES

As of July 29, 2011, we employed approximately 67,000 people, of whom 507 were in advisory and supervisory capacities, 3,530 were in-store management positions and 41 were officers. Many store personnel are employed on a part-time basis. None of our employees are represented by any union and management considers its employee relations to be good.

COMPETITION

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

RAW MATERIALS SOURCES AND AVAILABILITY

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

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

ENVIRONMENTAL MATTERS

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

TRADEMARKS

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

RESEARCH AND DEVELOPMENT

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

SEASONAL ASPECTS

Historically, our profits have been lower in the first and third quarters and higher in the second and fourth quarters. We attribute these variations primarily to the Christmas holiday shopping season and the summer vacation and travel season. Our gift shop sales, which are made substantially to our restaurant guests, historically have been highest in our second quarter, which includes the Christmas holiday shopping season. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby generally contributing to higher profits in the Company’s fourth quarter. We also generally open additional new stores throughout the year. Therefore, the results of operations for any interim period cannot be considered indicative of the operating results for an entire year.

WORKING CAPITAL

In the restaurant industry, substantially all sales are either for cash or third-party credit card. Therefore, 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 through normal trade credit. Because of our gift shop, which has a lower product turnover than the restaurant, we carry larger inventories than many other companies in the restaurant industry. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through wire transfers. These various trade terms are aided by rapid product turnover of the restaurant inventory. Employees generally are paid on weekly or semi-monthly schedules in arrears of hours worked except for bonuses that are paid either quarterly or annually in arrears. Many other operating expenses have normal trade terms. and certain expenses such as certain taxes and some benefits are deferred for longer periods of time.

ITEM 1A. RISK FACTORS

Investing in our securities involves a degree of risk. Persons buying our securities should carefully consider the risks described below and the other information contained in this Annual Report on Form 10-K and other filings that we make from time to time with the SEC, including our consolidated financial statements and accompanying notes. If any of the following risks actually occurs, our business, financial condition, results of operations or cash flows could be materially adversely affected. In any such case, the trading price of our securities could decline and you could lose all or part of your investment.

General economic, business and societal conditions as well as those specific to the restaurant or retail industries that are largely out of our control may adversely affect our business, financial condition and results of operations.

Our business results depend on a number of industry-specific and general economic factors, many of which are beyond our control. These factors include consumer income, interest rates, inflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends and other matters that influence consumer confidence and spending. The full-service dining sector of the restaurant industry and the retail industry are affected by changes in national, regional and local economic conditions, seasonal fluctuation of sales volumes, consumer preferences, including changes in consumer tastes and dietary habits and the level of consumer acceptance of our restaurant concept and retail merchandise, and consumer spending patterns.

Discretionary consumer spending, which is critical to our success, is influenced by general economic conditions and the availability of discretionary income. The global economic crisis has reduced consumer confidence and affected consumers' ability or desire to spend disposable income. A continued deterioration in the economy or other economic conditions affecting disposable consumer income, such as unemployment levels, reduced home values, investment losses, inflation, business conditions, fuel and other energy costs, consumer debt levels, lack of available credit, consumer confidence, interest rates, tax rates and changes in tax laws, may adversely affect our business by reducing overall consumer spending or by causing customers to reduce the frequency with which they shop and dine out or to shift their spending to our competitors or to products sold by us that are less profitable than other product choices, all of which could result in lower revenues, decreases in inventory turnover, greater markdowns on inventory, and a reduction in profitability due to lower margins.

In addition, many of the factors discussed above, along with the current economic environment and the related impact on available credit, may affect us and our suppliers and other business partners, landlords, and customers in an adverse manner including, but not limited to, reducing access to liquid funds or credit (including through the loss of one or more financial institutions that are a part of our revolving credit facility), increasing the cost of credit, limiting our ability to manage interest rate risk, increasing the risk of bankruptcy of our suppliers, landlords or counterparties to or other financial institutions involved in our credit facilities and our derivative and other contracts, increasing the cost of goods to us, and other adverse consequences which we are unable to fully anticipate.

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

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

There can be no assurance that the economic conditions that have adversely affected the restaurant and retail industries, and the capital, credit and real estate markets generally or us in particular, will improve, or even remain static, in 2012, or thereafter, in which case we could experience declines in revenues and profits, and could face capital and liquidity constraints or other business challenges.

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

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

The price and availability of food, ingredients, merchandise and utilities used by our stores could adversely affect our revenues and results of operations.

We are subject to the general risks of inflation, and our operating profit margins and results of operations depend significantly on our ability to anticipate and react to changes in the price, quality and availability of food and other commodities, ingredients, retail merchandise, utilities and other related costs over which we have little control. Fluctuations in economic conditions, weather, demand and other factors affect the availability, quality and cost of the ingredients and products that we buy. Some climatologists predict that the long-term effects of climate change may result in more severe, volatile weather, which could result in greater volatility in product supply and price. Furthermore, many of the products that we use and their costs are interrelated. The emergence of China and India as major consumers of food products has resulted in significantly increased global demands (with attendant supply and price pressures) for corn, wheat and dairy products, which in turn has increased feed costs for poultry and livestock. The effect of, introduction of, or changes to tariffs or exchange rates on imported retail products or food products could increase our costs and possibly affect the supply of those products. Our operating margins are also affected, whether as a result of general inflation or otherwise, by fluctuations in the price of utilities such as natural gas and electricity, on which our locations depend for much of their energy supply. Our inability to anticipate and respond effectively to one or more adverse changes in any of these factors could have a significant adverse effect on our results of operations. In addition, because we provide a moderately-priced product, we may not seek to or be able to pass along price increases to our customers sufficient to completely offset cost increases.

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

Our performance is dependent on attracting and retaining a large and growing number of qualified store employees. Availability of staff varies widely from location to location. Many staff members are in entry-level or part-time positions, typically with high rates of turnover. Even though recent trends in employee turnover have been favorable, if store management and staff turnover were to increase, we could suffer higher direct costs associated with recruiting, training and retaining replacement personnel. Management turnover as well as general shortages in the labor pool can cause our stores to be operated with reduced staff, which negatively affects our ability to provide appropriate service levels to our customers. Competition for qualified employees exerts upward pressure on wages paid to attract such personnel, resulting in higher labor costs, together with greater recruiting and training expenses.

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

Our risks are heightened because of our single retail distribution facility; in addition, our reliance on certain significant vendors, particularly for foreign-sourced retail products, subjects us to numerous risks, including possible interruptions in supply, which could adversely affect our business.

The majority of our retail inventory is shipped into, stored at and shipped out of a single warehouse located in Lebanon, Tennessee. All of the decorative fixtures used in our stores are shipped into, stored at and shipped out of another single warehouse also located in Lebanon, Tennessee. A natural disaster affecting either of these warehouses could materially adversely affect our business.

Our ability to maintain consistent quality throughout our operations depends in part upon our ability to acquire specified food and retail products and supplies in sufficient quantities. Partly because of our size, finding qualified vendors and accessing food, retail products, supplies and certain out-sourced services in a timely and efficient manner is a significant challenge that typically is more difficult with respect to goods or services sourced outside the United States. In some cases, we may have only one supplier for a product or service. Our dependence on single source suppliers subjects us to the possible risks of shortages, interruptions and price fluctuations, and possible litigation when we change vendors because of performance issues. The global economic slowdown continues to put significant pressure on suppliers, with some suppliers facing financial distress and others attempting to rebuild profitability, all of which tends to make the supply environment more expensive. If any of these vendors is unable to fulfill its obligations, or if we are unable to find replacement suppliers in the event of a supply disruption, we could encounter supply shortages and/or incur higher costs to secure adequate supplies, either of which could materially harm our business.

Additionally, we use a number of products that are or may be manufactured in a number of foreign countries. In addition to the risk presented by the possible long lead times to source these products, our results of operations may be materially affected by risks such as:

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

Possible shortages or interruptions in the supply of food items and other supplies to our stores caused by inclement weather, natural disasters such as floods and earthquakes, the inability of our vendors to obtain credit in a tightened credit market or other conditions beyond our control could adversely affect the availability, quality and cost of the items we buy and the operations of our stores. Our inability to effectively manage supply chain risk could increase our costs and limit the availability of products that are critical to our store operations. If we temporarily close a store or remove popular items from a store's menu or product assortment, that store may experience a significant reduction in revenue during the time affected by the shortage or thereafter as a result of our customers changing their dining and shopping habits.

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

We have had, and expect to continue to have, initiatives in various stages of testing, evaluation and implementation, upon which we expect to rely to improve our results of operations and financial condition. Many of these initiatives are inherently risky and uncertain in their application to our business in general, even when tested successfully on a more limited scale. It is possible that successful testing can result partially from resources and attention that cannot be duplicated in broader implementation. Testing and general implementation also can be affected by other risk factors described herein that reduce the results expected. Successful system-wide implementation across hundreds of stores and involving tens of thousands of employees relies on consistency of training, stability of workforce, ease of execution and the absence of offsetting factors that can adversely influence results. Failure to achieve successful implementation of our initiatives could adversely affect our results of operations.

We have substantial indebtedness, which may decrease our flexibility, increase our borrowing costs and adversely affect our liquidity.

Our consolidated indebtedness and our leverage ratio may have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing borrowing costs.

Our level of indebtedness can have important consequences. For example, it may:

- require a substantial portion of our cash flow from operations for the payment of principal of, and interest on, our indebtedness and reduce our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements or to pay dividends; and

- limit our flexibility to adjust to changing business and market conditions and make us more vulnerable to a downturn in general economic conditions as compared to our competitors.

There are various financial covenants and other restrictions in our credit facilities. If we fail to comply with any of these requirements, the related indebtedness (and other unrelated indebtedness) could become due and payable prior to its stated maturity. A default under our credit agreement may also significantly affect our ability to obtain additional or alternative financing. For example, the lenders' ongoing obligation to extend credit under the revolving credit portion of our credit facilities is dependent upon our compliance with these covenants and restrictions.

Our ability to make scheduled payments or to refinance our obligations with respect to indebtedness will depend on our operating and financial performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. Our inability to refinance our indebtedness when necessary or to do so upon attractive terms would materially and adversely affect our liquidity and our ongoing results of operations.

Our advertising is heavily dependent on billboards, which are highly regulated; a shift away from billboard advertising poses a risk of increased advertising and marketing costs that could adversely affect our results of operations.

Historically, we have relied upon billboards as our principal method of advertising. A number of states in which we operate restrict highway signage and billboards. Because many of our stores are located on the interstate highway system, our business is highly related to highway travel. Thus, signage or billboard restrictions or loss of existing signage or billboards could affect our visibility and ability to attract customers.

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

We outsource certain business processes to third-party vendors that subject us to risks, including disruptions in business and increased costs.

Some of our business processes are currently outsourced to third parties. Such processes include distribution of food and retail products to our store locations, credit card authorization and processing, gift card tracking and authorization, health care and workers' compensation insurance claims processing and externally hosted business software applications. We cannot ensure that all providers of outsourced services are observing proper internal control practices, such as redundant processing facilities, and there are no guarantees that failures will not occur. Failure of third parties to provide adequate services could have an adverse effect on our financial condition and results of operations.

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

Historically, our highest sales and profits have occurred during the second and fourth quarters, which include the Christmas holiday shopping season and the summer vacation and travel season. Retail sales historically have been seasonally higher between Thanksgiving and Christmas. Therefore, the results of operations for any quarter or period of less than one year cannot be considered indicative of the operating results for an entire year.

Additionally, extreme weather conditions in the areas where our stores are located can adversely affect our business. For example, frequent or unusually heavy snowfall, ice storms, rain storms, floods, droughts or other extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores and can disrupt deliveries of food and supplies to our stores and thereby reduce our sales and profitability. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our retail inventory incompatible with those unseasonable conditions. Reduced sales from extreme or prolonged unseasonable weather conditions could adversely affect our business. These risks may be exacerbated in the future as some climatologists predict that the long-term effects of climate change may result in more severe, volatile weather.

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

If we fail to execute our business strategy, which includes our ability to find new store locations and open new stores that are profitable, our business could suffer.

Historically, a significant means of achieving our growth objectives has been opening and operating new and profitable stores. This strategy involves numerous risks, and we may not be able to achieve our growth objectives – that is, we may not be able to open all of our planned new stores and the new stores that we open may not be profitable or as profitable as our existing stores. New stores typically experience an adjustment period before sales levels and operating margins normalize, and even sales at successful newly-opened stores generally do not make a significant contribution to profitability in their initial months of operation. The opening of new stores can also have an adverse effect on sales levels at existing stores.

A significant risk in executing our business strategy is locating and securing an adequate supply of suitable new store sites. Competition for suitable store sites and operating personnel in our target markets is intense, and we cannot assure you that we will be able to find sufficient suitable locations, or negotiate suitable purchase or lease terms, for our planned expansion in any future period. A general slowdown in commercial development activity has limited the availability of attractive sites for new stores, and we believe this slowdown will continue for an extended period of time. Delays or failures in opening new stores, or achieving lower than expected sales in new stores, or drawing a greater than expected proportion of sales in new stores from existing stores, could materially adversely affect our business strategy. Our ability to open new stores successfully also depends on numerous other factors, some of which are beyond our control, including, among other items discussed in other risk factors, the following:

- our ability to control construction and development costs of new stores;
- our ability to manage the local, state or other regulatory, zoning and licensing processes in a timely manner;
- our ability to appropriately train employees and staff the stores;
- consumer acceptance of our stores in new markets;
- our ability to manage construction delays related to the opening of any facility; and
- our ability to secure required governmental approvals and permits in a timely manner, or at all.

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

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

The success of our business depends on the success of individual locations, which in turn depends on stability of or improvements in operating conditions at and around those locations. Our revenues and expenses can be affected significantly by the number and timing of the opening of new stores and the closing, relocating and remodeling of existing stores. We incur substantial pre-opening expenses each time we open a new store and other expenses when we close, relocate or remodel existing stores. The expenses of opening, closing, relocating or remodeling any of our stores may be higher than anticipated. An increase in such expenses could have an adverse effect on our results of operations. Also, as demographic and economic patterns (e.g., highway or roadway traffic patterns, concentrations of general retail or hotel activity, local population densities or increased competition) change, current locations may not continue to be attractive or profitable. Possible declines in neighborhoods where our stores are located or adverse economic conditions in areas surrounding those neighborhoods could result in reduced revenues in those locations. The occurrence of one or more of these events could have a significant adverse effect on our revenues and results of operations as well as the carrying value of our individual locations.

Health concerns, government regulation relating to the consumption of food products and wide-spread infectious diseases could affect consumer preferences and could negatively affect our results of operations.

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

Failure to maximize or to successfully assert our intellectual property rights could adversely affect our business and results of operations.

We rely on trademark, trade secret and copyright laws to protect our intellectual property rights. We cannot guarantee that these intellectual property rights will be maximized or that they can be successfully asserted. There is a risk that we will not be able to obtain and perfect our own, or, where appropriate, license intellectual property rights necessary to support new product introductions or other brand extensions. We cannot be sure that these rights, if obtained, will not be invalidated, circumvented or challenged in the future. Our failure to perfect or successfully assert our intellectual property rights could make us less competitive and could have an adverse effect on our business and results of operations.

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

Our business is subject to the risk of litigation by employees, consumers, suppliers, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend future litigation may be significant. Even if a claim is unsuccessful or is not fully pursued, the negative publicity surrounding any negative allegation regarding our company, our business or our products could adversely affect our reputation with existing and potential customers. As a result, litigation may adversely affect our business, financial condition and results of operations.

Unfavorable publicity could harm our business.

Multi-unit businesses such as ours can be adversely affected by publicity resulting from complaints or litigation alleging poor food quality, poor service, food-borne illness, product defects, personal injury, adverse health effects (including obesity) or other concerns stemming from one or a limited number of our stores. Even when the allegations or complaints are not valid, unfavorable publicity relating to a limited number of our stores, or only to a single store, could adversely affect public perception of the entire brand. Adverse publicity and its effect on overall consumer perceptions of food safety or customer service could have a material adverse effect on our business, financial condition and results of operations.

***The loss of key executives or difficulties in recruiting and retaining qualified personnel could jeopardize our future growth and success*.**

We have assembled a senior management team which has substantial background and experience in the restaurant and retail industries. Our future growth and success depends substantially on the contributions and abilities of our senior management and other key personnel, and we design our compensation programs to attract and retain key personnel and facilitate our ability to develop effective succession plans. If we fail to retain senior management or other key personnel or to attract key personnel, our succession planning and operations could be materially and adversely affected. We must continue to recruit, retain and motivate management and other employees sufficient to maintain our current business and support our projected growth. A loss of key employees or a significant shortage of high quality store employees could jeopardize our ability to meet our business goals.

We are subject to a number of risks relating to federal, state and local regulation of our business including the areas of health care reform and environmental matters, and an insufficient or ineffective response to government regulation may increase our costs and decrease our profit margins.

The restaurant industry is subject to extensive federal, state and local laws and regulations, including those relating to food safety, minimum wage and other labor issues including unionization, health care, menu labeling and building and zoning requirements and those relating to the preparation and sale of food as well as certain retail products. The development and operation of our stores depend to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. We are also subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards, federal and state laws governing our relationships with employees (including the Fair Labor Standards Act of 1938, the Immigration Reform and Control Act of 1986, the Patient Protection and Affordable Care Act, the Health Care and Education Reconciliation Act of 2010 and applicable requirements concerning minimum wage, overtime, healthcare coverage, family leave, medical privacy, tip credits, working conditions, safety standards and immigration status), federal and state laws which prohibit discrimination and other laws regulating the design and operation of facilities, such as the Americans With Disabilities Act of 1990. In addition, we are subject to a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. We also face risks from new and changing laws and regulations relating to gift cards, nutritional content, nutritional labeling, product safety and menu labeling. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

In March 2010, the President signed the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010. Although we cannot predict with certainty the financial and operational impacts the new law will have on us, we expect that our expenses will increase over the long term as a result of the new law. Any such increases could adversely affect our business, financial condition and results of operations. Among other things, the new law requires restaurant companies such as ours to disclose calorie information on their menus. We do not expect to incur any material costs from compliance with these provisions of the law, but cannot anticipate the changes in guest behavior that could result from the implementation of these provisions, which could have an adverse effect on our sales or results of operations.

There also has been increasing focus by U.S. and overseas governmental authorities on environmental matters, such as climate change, the reduction of greenhouse gases and water consumption. This increased focus may lead to new initiatives directed at regulating an as yet unspecified array of environmental matters, such as the emission of greenhouse gases, where “cap and trade” initiatives could effectively impose a tax on carbon emissions. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in taxes, the cost of raw materials, transportation and utilities, which could decrease our operating profits and necessitate future investments in facilities and equipment.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations could increase our compliance and other costs of doing business and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings. Also, the failure to obtain and maintain required licenses, permits and approvals could adversely affect our operating results. Typically, licenses must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that our conduct violates applicable regulations, which could adversely affect our business and results of operations.

Our current insurance programs may expose us to unexpected costs.

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

A material disruption in our information technology and telecommunication systems could adversely affect our business and results of operations.

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

A privacy breach could adversely affect our business.

The protection of customer, employee and company data is critical to us. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. Compliance with these requirements may result in cost increases due to necessary systems changes and the development of new administrative processes. In addition, customers and employees have a high expectation that we will adequately protect their personal information. For example, in connection with credit card sales, we transmit confidential credit card information. Third parties may have the technology or know-how to breach the security of this customer information, and our security measures and those of our technology vendors may not effectively prohibit others from obtaining improper access to this information. If we fail to comply with the laws and regulations regarding privacy and security or experience a security breach, we could be exposed to risks of data loss, fines, litigation and serious disruption of our operations. Additionally, any resulting negative publicity could significantly harm our reputation.

Our reported results can be affected adversely and unexpectedly by the implementation of new, or changes in the interpretation of existing, accounting principles or financial reporting requirements.

Our financial reporting complies with the United States generally accepted accounting principles ("GAAP"), and GAAP is subject to change over time. If new rules or interpretations of existing rules require us to change our financial reporting (including the proposed lease accounting changes and the adoption of international financial reporting standards in the United States), our reported results of operations and financial condition could be affected substantially, including requirements to restate historical financial reporting.

Failure of our internal control over financial reporting could adversely affect our business and financial results.

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. The identification of a material weakness could indicate a lack of controls adequate to generate accurate financial statements that, in turn, could cause a loss of investor confidence and decline in the market price of our common stock. We cannot assure you that we will be able to timely remediate any material weaknesses that may be identified in future periods or maintain all of the controls necessary for continued compliance. Likewise, we cannot assure you that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies.

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

Our business is not static – it changes periodically as a result of many factors, including those discussed above and:

- increases and decreases in average weekly sales, restaurant and retail sales and restaurant profitability;
- the rate at which we open new stores, the timing of new store openings and the related high initial operating costs;
- changes in advertising and promotional activities and expansion to new markets; and
- impairment of long-lived assets and any loss on store closures.

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

Our business could be negatively affected as a result of a proxy fight and the actions of activist shareholders.

We recently received a notice from Biglari Holdings, Inc. (“BH”), the owner of Steak N Shake and Western Sizzlin’ restaurants, that indicates BH’s intention to nominate Sardar Biglari, BH’s chairman and chief executive officer, for election to our board of directors at our 2011 annual meeting of shareholders. If a proxy contest involving BH ensues, or if we become engaged in a proxy contest with another activist shareholder in the future, our business could be adversely affected because:

- responding to proxy contests and other actions by activist shareholders can disrupt our operations, be costly and time-consuming, and divert the attention of our management and employees;
- perceived uncertainties as to our future direction may result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners; and
- if individuals are elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively implement our business strategy and create additional value for our shareholders.

We are a holding company and depend on our subsidiaries to generate sufficient cash flow to pay dividends and meet our debt service obligations.

We are a holding company and a large portion of our assets is the capital stock of our subsidiaries. All of our subsidiaries are guarantors of our obligations under our credit facility and their stock is pledged as collateral to the lenders under that facility. As a holding company, we conduct substantially all of our business through our subsidiaries. Consequently, our cash flow and ability to pay dividends and service our debt obligations are dependent upon the earnings of our subsidiaries and the distribution of those earnings to us, or upon loans, advances or other payments made by these entities to us. The ability of these entities to pay dividends or make loans, advances or other payments to us will depend upon their operating results and will be subject to applicable laws and contractual restrictions contained in the instruments governing our debt.

The ability of our subsidiaries to generate sufficient cash flow from operations to allow us to pay dividends and make scheduled payments on our debt obligations will depend on their future financial performance, which will be affected by a range of economic, competitive and business factors, many of which are outside of our control and are described elsewhere. We cannot assure you that the cash flow and earnings of our operating subsidiaries and the amount that they are able to distribute to us as dividends or otherwise will be adequate for us to pay dividends or service our debt obligations. If our subsidiaries do not generate sufficient cash flow from operations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any such alternative refinancing would be possible, that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our credit agreement. Our inability to generate sufficient cash flow to pay dividends, to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have an adverse effect on our business, financial condition and results of operations, as well as on our ability to pay dividends or satisfy our other financial obligations.

Provisions in our charter, Tennessee law and our shareholder rights plan may discourage potential acquirers of our company.

Our charter documents contain provisions that may have the effect of making it more difficult for a third party to acquire or attempt to acquire control of the Company. In addition, we are subject to certain provisions of Tennessee law that limit, in some cases, our ability to engage in certain business combinations with significant shareholders. In addition, we have adopted a shareholder rights plan, which provides, among other things, that when specified events occur, our shareholders will be entitled to purchase from us shares of junior preferred stock. The shareholder rights plan is currently scheduled to expire in 2014, but would expire immediately following the 2011 annual shareholders meeting if the shareholder rights plan is not approved by our shareholders. The preferred stock purchase rights are triggered ten days after the date of a public announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 10% or more of our outstanding common stock. The preferred stock purchase rights would cause dilution to a person or group that attempts to acquire us on terms that do not satisfy the requirements of a qualifying offer under the shareholder rights plan or are otherwise not approved by our board of directors.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters and warehouse facilities are located on approximately 90 acres of land owned by the Company in Lebanon, Tennessee. We utilize approximately 250,000 square feet of office space for our corporate headquarters and decorative fixtures warehouse. We also lease our retail distribution center which consists of approximately 370,000 square feet of warehouse facilities and an additional approximate 14,000 square feet of office and maintenance space.

In addition to the various corporate facilities, we have three owned properties for future development, a motel used for housing management trainees and for the general public, and six parcels of excess real property and improvements that we intend to dispose of.

In addition to the properties mentioned above, we own or lease the following store properties as of September 20, 2011:

State	Owned	Leased	State	Owned	Leased
Tennessee	36	14	Oklahoma	5	2
Florida	40	18	Maryland	3	3
Texas	30	14	New Jersey	2	4
Georgia	29	13	Wisconsin	5	-
North Carolina	24	12	Colorado	3	1
Kentucky	21	11	Kansas	3	1
Ohio	22	9	Massachusetts	-	4
Virginia	19	12	New Mexico	3	1
Alabama	20	9	Utah	4	-
Indiana	21	6	Iowa	3	-
South Carolina	13	10	Connecticut	1	1
Illinois	20	2	Montana	2	-
Pennsylvania	9	13	Nebraska	1	1
Missouri	14	3	Delaware	-	1
Michigan	13	3	Idaho	1	-
Arizona	2	11	Maine	-	1
Arkansas	5	6	Minnesota	1	-
Mississippi	8	3	New Hampshire	1	-
Louisiana	8	2	North Dakota	1	-
West Virginia	3	7	Rhode Island	-	1
New York	7	1	South Dakota	1	-
			Total	404	200

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

ITEM 3. LEGAL PROCEEDINGS

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 the 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.

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

Executive Officers of the Registrant

The following table sets forth certain information concerning our executive officers:

Name	Age	Position with the Company
Sandra B. Cochran	53	President and Chief Executive Officer
Michael A. Woodhouse	66	Executive Chairman
Lawrence E. Hyatt	56	Senior Vice President and Chief Financial Officer
N. B. Forrest Shoaf	61	Senior Vice President, Secretary & Chief Legal Officer
Doug Barber	54	Executive Vice President and Chief People Officer
Christopher A. Ciavarra	40	Senior Vice President, Marketing
Nicholas V. Flanagan	45	Senior Vice President, Restaurant Operations
Edward A. Greene	56	Senior Vice President, Strategic Initiatives
Terry A. Maxwell	52	Senior Vice President, Retail Operations
P. Douglas Couvillion	47	Vice President, Corporate Controller and Principal Accounting Officer

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

Ms. Cochran has been employed with us in various capacities since 2009. Ms. Cochran served as our Executive Vice President and Chief Financial Officer from March 2009 to November 2010, and as President and Chief Operating Officer from November 2010 until September 2011 when she assumed her current position. In September 2011, she also became a member of our board of directors. Prior to March 2009, she was the Chief Executive Officer of Books-A-Million, Inc., having assumed that role in 2004 after serving in various capacities there since 1992. Ms. Cochran has 18 years of experience in the retail industry and two years of experience in the restaurant industry.

Mr. Woodhouse has been employed with us in various capacities since 1995. Mr. Woodhouse served as our Senior Vice President of Finance and Chief Financial Officer from January 1999 to July 1999, as Executive Vice President and Chief Operating Officer ("COO") from August 1999 until July 2000, as President and COO from August 2000 until July 2001, and then as President and Chief Executive Officer ("CEO") from August 2001 until November 2004, as Chairman, President and Chief Executive Officer from December 2004 until November 2010, and then as Chairman and Chief Executive Officer until September 2011 when he assumed his current position. Mr. Woodhouse has 27 years of experience in the restaurant industry and 18 years of experience in the retail industry.

Mr. Hyatt began his employment with us as Senior Vice President and Chief Financial Officer in January 2011. He has over 20 years of experience as Chief Financial Officer with various organizations. Prior to January 2011, he was the Chief Financial Officer and Treasurer of O'Charley's Inc., having assumed that role in 2004. He also served as Interim President and Chief Executive Officer of O'Charley's Inc. from February 2009 through June 2009. Mr. Hyatt's previous positions include serving as Executive Vice President and Chief Financial Officer of Cole National Corporation, a specialty retailer: as Chief Financial and Restructuring Officer of PSINet, Inc., an internet service provider; as Chief Financial Officer of HMS Host Corporation, a subsidiary of Autogrill S.p.A.; and as Chief Financial Officer of Sodexho Marriott Services, Inc., a food services and facilities management company, and its predecessor company. Mr. Hyatt has nine years of experience in the restaurant industry and three years of experience in the retail industry.

Mr. Shoaf began his employment with us as Senior Vice President, Secretary and Chief Legal Officer in April 2005. In addition, he served as our Interim Chief Financial Officer from November 2010 to December 2010 and from February 2008 to March 2009.

Mr. Barber has been employed with us since 2003. He assumed his current position in 2010. Prior to that time, he was with Metromedia Family Steakhouse, a division of Metromedia Restaurant Group, Inc., in various capacities since 1979 where he served as President from 1995 to 2003. Mr. Barber has 32 years of experience in the restaurant industry.

Mr. Ciavarra has been employed with us since 2008. He assumed his current position in 2010. Prior to 2008, he was the Director of Marketing for Aramark Corporation from 2005 to 2008. In addition, he was a consultant for us from 2001 to 2005. Mr. Ciavarra has over 11 years of experience in the restaurant industry and over six years of experience in the retail industry.

Mr. Flanagan has been employed with us since 2004. He assumed his current position in November 2010. Prior to 2004, he was a 15-year veteran of S&A Restaurant Corporation where he served in several leadership roles. Mr. Flanagan has over 22 years of experience in the restaurant industry.

Mr. Greene has been employed with us in his current capacity since October 2005. From August 1996 to October 2005, he worked for Restaurant Services, Inc., the independent purchasing cooperative which provides supply chain management services for Burger King Corporation and its franchisees, serving most recently as its Vice President, Food and Packaging Purchasing. Mr. Greene began his career with The Pillsbury Company and has over 33 years of combined experience in the restaurant and food processing industries.

Mr. Maxwell has been employed with us since 1980. He assumed his current position in 2006. Mr. Maxwell has 31 years of experience in the restaurant and retail industries. In September 2011, Mr. Maxwell announced his plans to retire at the end of January 2012.

Mr. Couvillion has been employed with us since 2001. He assumed his current position in July 2011. Prior to 2001, he was with Landry's Restaurants, Inc. since 1993 where he served in various capacities including Controller and Director of Finance. Mr. Couvillion began his career in public accounting with Touche Ross & Co. and has 17 years of experience in the restaurant industry and ten years of experience in the retail industry.

PART II

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

Our common stock is traded on the NASDAQ Global Select Market ("Nasdaq") under the symbol "CBRL." There were 9,900 shareholders of record as of September 20, 2011.

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

	Fiscal Year 2011			Fiscal Year 2010		
	Prices		Dividends	Prices		Dividends
	High	Low	Paid	High	Low	Paid
First	$ 54.58	$ 43.65	$ 0.20	$ 36.90	$ 25.67	$ 0.20
Second	57.79	50.27	0.22	41.57	32.07	0.20
Third	53.54	47.01	0.22	53.43	36.18	0.20
Fourth	53.86	42.79	0.22	52.60	45.26	0.20

See Note 5 to Consolidated Financial Statements with respect to dividend restrictions.

See the table labeled "Securities Authorized for Issuance Under Equity Compensation Plans" to be contained in the 2011 Proxy Statement, incorporated by reference in Part III, Item 12 of this Annual Report on Form 10-K.

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

Unregistered Sales of Equity Securities

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

Issuer Purchases of Equity Securities

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

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs
4/30/11 – 5/27/11	--	$ --	--	Indeterminate (2)
5/28/11 – 6/24/11	176,600	$ 44.84	176,600	Indeterminate (2)
6/25/11 – 7/29/11	--	$ --	--	Indeterminate (2)
Total for the quarter	176,600	$ 44.84	176,600	Indeterminate (2)

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

(2) Pursuant to previously announced plans on August 3, 2010, we were authorized to repurchase shares solely to offset share dilution that might result from share issuances under our equity compensation plans, subject to a maximum amount of $65,000. On September 13, 2011, we announced that we have been authorized to repurchase up to $65,000 of our common stock.

ITEM 6. SELECTED FINANCIAL DATA

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

	July 29, 2011[(a)]	July 30, 2010[(b)]	July 31, 2009[(c)(d)]	August 1, 2008[(d)]	August 3, 2007[(d)(e)]
Selected Income Statement Data:					
Total revenue	$ 2,434,435	$ 2,404,515	$ 2,367,285	$ 2,384,521	$ 2,351,576
Income from continuing operations	85,208	85,258	65,957	65,303	75,983
(Loss) income from discontinued operations, net of tax	--	--	(31)	250	86,082
Net income	85,208	85,258	65,926	65,553	162,065
Basic net income per share:					
Income from continuing operations	3.70	3.71	2.94	2.87	2.75
(Loss) income from discontinued operations, net of tax	--	--	--	0.01	3.11
Net income per share	3.70	3.71	2.94	2.88	5.86
Diluted net income per share:					
Income from continuing operations	3.61	3.62	2.89	2.79	2.52
(Loss) income from discontinued operations, net of tax	--	--	--	0.01	2.71
Net income per share	3.61	3.62	2.89	2.80	5.23
Dividends declared per share [(f)]	$ 0.88	$ 0.80	$ 0.80	$ 0.72	$ 0.56
Dividends paid per share	$ 0.86	$ 0.80	$ 0.78	$ 0.68	$ 0.55
As Percent of Total Revenue:					
Cost of goods sold	31.7%	31.0%	32.3%	32.4%	31.7%
Labor and related expenses	37.1	37.8	38.7	38.2	38.0
Other store operating expenses	18.6	18.2	17.8	17.7	17.4
Store operating income	12.6	13.0	11.2	11.7	12.9
General and administrative expenses	5.7	6.1	5.1	5.4	5.7
Impairment and store dispositions, net	--	0.1	0.1	--	--
Operating income	6.9	6.8	6.0	6.3	7.2
Income before income taxes	4.8	4.8	3.8	3.9	5.0
Selected Balance Sheet Data:					
Working capital (deficit)	$ (21,188)	$ (73,289)	$ (66,637)	$ (44,080)	$ (74,388)
Total assets	1,310,884	1,292,067	1,245,181	1,313,703	1,265,030
Long-term debt	550,143	573,744	638,040	779,061	756,306
Interest rate swap liability	51,604	66,281	61,232	39,618	13,680
Other long-term obligations[(g)]	105,661	93,822	89,670	83,224	53,819
Shareholders' equity	268,034	191,617	135,622	92,751	104,123
Selected Cash Flow Data:					
Purchase of property and equipment, net	$ 77,686	$ 69,891	$ 67,842	$ 87,849	$ 96,447
Share repurchases	33,563	62,487	--	52,380	405,531
Selected Other Data:					
Common shares outstanding at end of year	22,840,974	22,732,781	22,722,685	22,325,341	23,674,175
Stores open at end of year	603	593	588	577	562
Average Unit Volumes[(h)]:					
Restaurant	$ 3,234	$ 3,226	$ 3,209	$ 3,282	$ 3,339
Retail	837	832	841	898	917
Comparable Store Sales[(i)]:					
Period to period increase (decrease) in comparable store sales:					
Restaurant	0.2%	0.8%	(1.7)%	0.5%	0.7%
Retail	0.7	(0.9)	(5.9)	(0.3)	3.2
Memo: Number of stores in comparable base	583	569	550	531	507

(a) Includes impairment charges of $3,219 before taxes and pre-tax gains on store dispositions of $4,109. Our debt refinancing in the fourth quarter of fiscal 2011 resulted in additional interest expense of $5,136 related to transaction fees and the write-off of deferred financing costs. During the fourth quarter of fiscal 2011, as part of our cost reduction and organization streamlining initiative, we incurred severance charges of $1,768, which are included in general and administrative expenses.
(b) Includes impairment charges of $2,672 before taxes.
(c) Includes impairment charges of $2,088 before taxes. We completed sale-leaseback transactions involving 15 of our stores and our retail distribution center in the fourth quarter of fiscal 2009 (see Note 10 to the Consolidated Financial Statements). Net proceeds from the sale-leaseback transactions together with excess cash flow from operations were used to pay down $142,759 of long-term debt.
(d) Logan's Roadhouse, Inc. was divested in fiscal 2007 and is presented as a discontinued operation.
(e) Fiscal 2007 consisted of 53 weeks while all other periods presented consisted of 52 weeks. The estimated impact of the additional week was to increase consolidated fiscal 2007 results as follows: total revenue, $46,283; store operating income, 0.1% of total revenue; operating income, 0.2% of total revenue; income from continuing operations, 0.1% of total revenue; and diluted income from continuing operations per share, $0.14.
(f) On September 12, 2011, our Board of Directors declared a dividend of $0.25 per share payable on November 7, 2011 to shareholders of record on October 21, 2011.
(g) The increase in other long-term obligations in fiscal 2008 as compared to fiscal 2007 is primarily because of the adoption of accounting guidance for uncertain tax positions. The liability for uncertain tax positions is included in other long-term obligations beginning in fiscal 2008; in prior years, the liability was included in income taxes payable as a current liability.
(h) Average unit volumes include sales of all stores. Fiscal 2007 includes a 53rd week while all other periods presented consist of 52 weeks.
(i) Comparable store sales consist of sales of stores open at least six full quarters at the beginning of the year; and are measured on comparable calendar weeks.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("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 Consolidated Financial Statements and notes thereto. Readers also should carefully review the information presented under the section entitled "Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") and other cautionary statements in this report. All dollar amounts (other than per share amounts) reported or discussed in this MD&A are shown in thousands. References in MD&A to a year or quarter are to our fiscal year or quarter unless expressly noted or the context clearly indicates otherwise.

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

- Executive Overview – a general description of our business, the restaurant industry and our key performance indicators.
- Results of Operations – an analysis of our consolidated statements of income for the three years presented in our Consolidated Financial Statements.
- Liquidity and Capital Resources – an analysis of our primary sources of liquidity, capital expenditures and material commitments.
- Critical Accounting Estimates – a discussion of accounting policies that require critical judgments and estimates.

EXECUTIVE OVERVIEW

Cracker Barrel Old Country Store, Inc. (the "Company," "our" or "we") is a publicly traded (Nasdaq: CBRL) company that, through certain subsidiaries, is engaged in the operation and development of the Cracker Barrel Old Country Store® ("Cracker Barrel") restaurant and retail concept. As of September 20, 2011, the Company operated 604 Cracker Barrel stores located in 42 states. The restaurants serve breakfast, lunch and dinner. The retail area offers a variety of decorative and functional items specializing in rocking chairs, holiday gifts, toys, apparel and foods.

Restaurant Industry

Our stores operate in the full-service segment of the restaurant industry in the United States. The restaurant business is highly competitive with respect to quality, variety and price of the food products offered. The restaurant business is often affected by changes in consumer taste; national, regional or local economic conditions; demographic trends; traffic patterns; the type, number and location of competing restaurants; and consumers' discretionary purchasing power. There are many segments within the restaurant industry, such as family dining, casual dining, fast casual and quick service, which often overlap and provide competition for widely diverse restaurant concepts. Competition also exists in securing prime real estate locations for new stores, in hiring qualified employees, in advertising, in the attractiveness of facilities and with competitors having similar menu offerings or convenience.

Additionally, economic, seasonal and weather conditions affect the restaurant business. Adverse economic conditions affect consumer discretionary income and dining and shopping habits. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby contributing to higher profits in our fourth quarter. Retail sales, which are made substantially to our restaurant guests, are strongest in the second quarter, which includes the Christmas holiday shopping season. Severe weather also affects restaurant and retail sales adversely from time to time.

Key Performance Indicators

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

Comparable store restaurant sales and restaurant guest traffic consist of sales and calculated number of guests, respectively, of stores open at least six full quarters at the beginning of the year and are measured on comparable calendar weeks. This measure highlights performance of existing stores because it excludes the impact of new store openings.

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

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

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

RESULTS OF OPERATIONS

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

	Relationship to Total Revenue			Period to Period Increase (Decrease)	
	2011	2010	2009	2011 vs 2010	2010 vs 2009
Total revenue	100.0%	100.0%	100.0%	1%	2%
Cost of goods sold	31.7	31.0	32.3	4	(2)
Gross profit	68.3	69.0	67.7	--	4
Labor and other related expenses	37.1	37.8	38.7	--	(1)
Other store operating expenses	18.6	18.2	17.8	3	4
Store operating income	12.6	13.0	11.2	(2)	18
General and administrative	5.7	6.1	5.1	(5)	21
Impairment and store dispositions, net	--	0.1	0.1	(122)	34
Operating income	6.9	6.8	6.0	2	16
Interest expense	2.1	2.0	2.2	5	(6)
Income before income taxes	4.8	4.8	3.8	--	28
Provision for income taxes	1.3	1.3	1.0	--	26
Income from continuing operations	3.5	3.5	2.8	--	29
Net income	3.5	3.5	2.8	--	29

Total Revenue

The following tables highlight the components of total revenue in dollars and by percentage relationships to total revenue for the past three years:

	2011	2010	2009
Revenue in dollars			
Total Revenue:			
Restaurant	$ 1,934,049	$ 1,911,664	$ 1,875,688
Retail	500,386	492,851	491,597
Total revenue	$ 2,434,435	$ 2,404,515	$ 2,367,285

	2011	2010	2009
Revenue by percentage relationships			
Total Revenue:			
Restaurant	79.4%	79.5%	79.2%
Retail	20.6	20.5	20.8
Total revenue	100.0%	100.0%	100.0%

The following table highlights average weekly sales* over the past three years:

	2011	2010	2009
Restaurant	$ 62.2	$ 62.0	$ 61.7
Retail	16.1	16.0	16.2

*Average weekly sales are calculated by dividing net sales by operating weeks and include all stores.

Total revenue, which increased 1.2% and 1.6%, respectively, in 2011 and 2010 and decreased 0.7% in 2009, benefited from the opening of 11, 6 and 11 stores in 2011, 2010 and 2009, respectively, partially offset by the closing of one store in both 2011 and 2010.

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

	Period to Period Increase (Decrease)	
	2011 vs 2010 (583 Stores)	2010 vs 2009 (569 Stores)
Restaurant	0.2%	0.8%
Retail	0.7	(0.9)
Restaurant & Retail	0.3	0.4

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

The following table highlights comparable sales averages per store over the past three years:

	2011 (583 Stores)	2010 (569 Stores)	2009 (550 Stores)
Restaurant	$ 3,238	$ 3,238	$ 3,228
Retail	833	829	838
Total	$ 4,071	$ 4,067	$ 4,066

Our comparable store restaurant sales increased from 2010 to 2011 resulting from an increase in average check of 2.2%, including a 2.0% average menu price increase, partially offset by a decrease in guest traffic of 2.0%. Our comparable store restaurant sales increased from 2009 to 2010 resulting from an increase in average check of 2.0%, including a 2.4% average menu price increase, partially offset by a decrease in guest traffic of 1.2%.

We believe that the comparable store retail sales increase from 2010 to 2011 resulted from a more appealing retail merchandise selection and a higher average retail selling price than in the prior year partially offset by a decrease in restaurant guest traffic. Our comparable store retail sales decrease from 2009 to 2010 resulted from a decrease in restaurant guest traffic.

We believe that the decreases in restaurant guest traffic in 2010 and 2011 resulted from continued uncertain consumer sentiment, high unemployment and reduced discretionary spending. Our guest traffic began to decline in the second quarter of 2011 and continued to decrease in the second half of 2011. We presently expect lower guest traffic trends to continue into 2012.

Cost of Goods Sold

The following table highlights the components of cost of goods sold in dollar amounts for the past three years:

	2011	2010	2009
Cost of Goods Sold:			
Restaurant	$ 511,728	$ 489,781	$ 501,051
Retail	260,743	256,037	263,858
Total Cost of Goods Sold	$ 772,471	$ 745,818	$ 764,909

Restaurant cost of goods sold as a percentage of restaurant revenue was 26.5%, 25.6% and 26.7% in 2011, 2010 and 2009, respectively. The increase from 2010 to 2011 is primarily the result of food commodity inflation of 2.9% partially offset by our menu price increase referenced above. Changes in product mix and higher food waste also contributed to the year over year increase in restaurant cost of goods sold as a percentage of restaurant revenue. The decrease from 2009 to 2010 resulted from commodity deflation of 2.5% and our menu price increase referenced above.

Restaurant food commodity inflation progressively increased during 2011 and we presently expect the rate of commodity inflation to approximately double in 2012 as compared to 2011. We expect to offset the effects of food commodity inflation through a combination of menu price increases, supply contracts and other cost reduction initiatives.

Retail cost of goods sold as a percentage of retail revenue was 52.1%, 52.0% and 53.7%, in 2011, 2010 and 2009, respectively. Retail cost of goods sold as a percentage of retail revenue was relatively constant in 2011 as compared to 2010. The decrease from 2009 to 2010 resulted from lower markdowns as a result of better seasonal inventory management.

Labor and Related Expenses

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. Labor and other related expenses as a percentage of total revenue were 37.1%, 37.8% and 38.7% in 2011, 2010 and 2009, respectively. The year-to-year decrease from 2010 to 2011 resulted primarily from decreases of 0.3%, 0.2% and 0.2% as a percentage of total revenue, respectively, in store management compensation, health care costs and store hourly labor. The decrease in store management compensation resulted primarily from lower store bonus expense, which reflected lower performance against financial objectives as compared to the prior year. The decrease in health care costs resulted from lower medical claims. The decrease in store hourly labor costs as a percentage of total revenue resulted from menu price increases being higher than wage inflation.

The year-to-year decrease from 2009 to 2010 resulted from decreases of 0.7% and 0.2% as a percentage of total revenue, respectively, in health care costs and store hourly labor costs. The decrease in health care costs resulted from lower medical claims and the benefit of the calendar 2010 group health plan design changes. The decrease in store hourly labor costs as a percentage of total revenue resulted from menu pricing being higher than wage inflation.

Other Store Operating Expenses

Other store operating expenses include all store-level operating costs, the major components of which are utilities, operating supplies, repairs and maintenance, depreciation and amortization, advertising, rent, credit card fees and general insurance. Other store operating expenses as a percentage of total revenue were 18.6%, 18.2% and 17.8% in 2011, 2010 and 2009, respectively. The year-to-year increase from 2010 to 2011 resulted primarily from equal increases in advertising, supplies and general insurance expenses. The increase in advertising expense resulted from increased spending related to billboards and consumer research as compared to the prior year. We purchased additional billboard coverage during the 2011 summer travel season to better capture available guest traffic. Additionally, the incremental consumer research was conducted to gain consumer insight into menu offerings and recent guest traffic trends. The increase in supplies expense resulted from increases in numerous supply categories including office supplies and shopping bags. Higher general insurance expense resulted from favorable actuarial reserve adjustments made in the prior year.

The year-to-year increase from 2009 to 2010 was due in equal parts to higher maintenance and rent expenses. Higher maintenance expense resulted from the timing of sign maintenance and other programs. The increase in rent expense resulted from the sale-leaseback transactions we completed in the fourth quarter of 2009 (see Note 10 to the accompanying Consolidated Financial Statements).

General and Administrative Expenses

General and administrative expenses as a percentage of total revenue were 5.7%, 6.1% and 5.1% in 2011, 2010 and 2009, respectively. The year-to-year decrease from 2010 to 2011 resulted from a decrease of 0.6% in incentive compensation, including share-based compensation, partially offset by a 0.2% increase in salaries. The decrease in incentive compensation reflected lower performance against financial objectives in 2011 as compared to the prior year. The increase in salaries resulted primarily from severance charges related to our cost reduction and organizational streamlining initiative (see sub-section below entitled “Restructuring”) and an increase in the number of store managers in training. The year-to-year increase from 2009 to 2010 resulted from higher incentive compensation, including share-based compensation, which reflected better performance against financial objectives in 2010 as compared to the prior year.

Impairment and Store Dispositions, Net

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

	2011	2010	2009
Impairment	$ 3,219	$ 2,672	$ 2,088
Gains on disposition of stores	(4,109)	--	--
Store closing costs	265	128	--
Total	$ (625)	$ 2,800	$ 2,088

During July 2011, as part of our cost reduction and organization streamlining initiative (see sub-section below entitled "Restructuring"), we recorded an impairment charge of $1,044 for office space that we expect to sell within one year. Additionally, during 2011, we determined that one leased store was impaired, resulting in an impairment charge of $2,175. The leased store was impaired because of declining operating performance and resulting negative cash flow projections. During 2010, we also determined that one leased store was impaired and closed one owned store, resulting in total impairment charges of $2,672. During 2009, we recorded a total impairment of $2,088 related to one owned store, office space, property adjacent to the office space and our management trainee housing facility. See Notes 3 and 9 to the accompanying Consolidated Financial Statements for more details regarding our impairment charges.

During 2011, we sold two closed stores. Additionally, one of our stores was acquired by the State of Florida for road expansion pursuant to eminent domain. These transactions resulted in a net gain of $4,109.

Restructuring

In July 2011, we implemented a cost reduction and organization streamlining initiative, which we estimate will generate annual pre-tax savings of approximately $10,000. This initiative resulted in the elimination of approximately 60 management and staff positions. Most of the employees affected worked in our headquarters in Lebanon, Tennessee, and the restructuring did not affect any store positions. As a result, in the fourth quarter of 2011, we incurred severance charges of $1,768, which are recorded in general and administrative expenses (see sub-section above entitled "General and Administrative Expenses"). Additionally, as part of our cost reduction and organization streamlining initiative, we incurred an impairment charge of $1,044 related to office space we expect to sell within one year (see sub-section above entitled "Impairment and Store Dispositions, Net").

Interest Expense

Interest expense was $51,490, $48,959 and $52,177 in 2011, 2010, and 2009, respectively. The year-to-year increase from 2010 to 2011 resulted primarily from costs related to our debt refinancing partially offset by lower average debt outstanding. As part of our debt refinancing, we incurred additional expenses of $5,136 related to transaction fees and the write-off of deferred financing costs. The year-to-year decrease from 2009 to 2010 resulted primarily from lower average debt outstanding.

Provision for Income Taxes

Provision for income taxes as a percent of income before income taxes was 26.3%, 26.3% and 26.8% in 2011, 2010 and 2009, respectively. Our effective tax rate remained flat at 2011 compared to 2010. The decrease in the effective tax rate from 2009 to 2010 reflected a net reduction in our liability for uncertain tax positions of $2,134 in 2010 compared to $389 in 2009 and higher employer tax credits on an absolute dollar basis mostly offset by the effect on our tax rate from the increase in pretax income.

LIQUIDITY AND CAPITAL RESOURCES

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

	2011	2010	2009
Net cash provided by operating activities of continuing operations	$ 138,212	$ 212,106	$ 164,171
Net cash used in investing activities of continuing operations	(69,489)	(69,626)	(9,087)
Net cash used in financing activities of continuing operations	(64,149)	(106,389)	(155,406)
Net cash used in operating activities of discontinued operations	--	--	(47)
Net increase (decrease) in cash and cash equivalents	$ 4,574	$ 36,091	$ (369)

Our primary sources of liquidity are cash generated from our operations and our borrowing capacity under our revolving credit facility. Our internally generated cash, along with cash on hand at July 30, 2010, our borrowings under our revolving credit facility and proceeds from exercises of share-based compensation awards, were sufficient to finance all of our growth, share repurchases, dividend payments, working capital needs and other cash payment obligations in 2011.

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

Cash Generated from Operations

Our cash generated from operating activities was $138,212, $212,106 and $164,171 in 2011, 2010 and 2009, respectively. The decrease in net cash flow provided by operating activities from 2010 to 2011 reflected a decrease in accounts payable, payments for estimated income taxes and higher annual bonus payments made in 2011 for the prior year's performance partially offset by the change in retail inventories. The decrease in accounts payable reflected the results of conversion to more electronic payment methods and lower accounts payable related to retail inventory. The change in retail inventories was primarily related to the timing of seasonal inventory purchases. The increase in net cash flow provided by operating activities from 2009 to 2010 reflected higher net income, increase in accounts payable, the timing of payments for estimated income taxes, higher incentive compensation accruals and an increase in the sales of our gift cards partially offset by the change in retail inventories. The increase in incentive compensation accruals in 2010 reflected better performance against financial objectives in 2010 as compared to the prior year. The increase in accounts payable from 2009 to 2010 resulted from more effective vendor terms management and improvements to disbursement cycles. The change in retail inventories was primarily related to the timing of seasonal inventory purchases.

Borrowing Capacity and Debt Covenants

On July 9, 2011, we entered into a five-year $750,000 credit facility (the "2011 Credit Facility") consisting of a $250,000 term loan (aggregate outstanding at July 29, 2011 was $231,250) and a $500,000 revolving credit facility ("the 2011 Revolving Credit Facility"). The 2011 Credit Facility replaced term loans totaling $575,000 and a $165,000 revolving credit facility. The decrease in the term loan portion of the 2011 Credit Facility and the increase in the 2011 Revolving Credit Facility provide us with increased flexibility in our capital structure.

During 2011, 2010 and 2009, we made $18,750, $57,856 and $130,988, respectively, in optional principal prepayments under our term loan facilities. At July 29, 2011, we had $318,750 of outstanding borrowings under the 2011 Revolving Credit Facility and we had $29,981 of standby letters of credit related to securing reserved claims under workers' compensation insurance which reduce our borrowing availability under the 2011 Revolving Credit Facility. At July 29, 2011, we had $151,269 in borrowing availability under our 2011 Revolving Credit Facility. See "Material Commitments" below and Note 5 to our Consolidated Financial Statements for further information on our long-term debt.

The 2011 Credit Facility contains customary financial covenants, which are specified in the agreement and include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. We presently are and expect to remain in compliance with the 2011 Credit Facility's financial covenants for the remaining term of the facility.

Capital Expenditures

Capital expenditures (purchase of property and equipment), net of proceeds from insurance recoveries were $77,686, $69,891 and $67,842 in 2011, 2010 and 2009, respectively. Our capital expenditures consisted primarily of costs of new store locations and capital expenditures for maintenance programs in 2011, capital expenditures for maintenance programs in 2010 and costs of new store locations in 2009. The increase in capital expenditures from 2010 to 2011 resulted primarily from an increase in the number of new store locations acquired and under construction as compared to the prior year partially offset by lower capital expenditures for maintenance programs. The increase in capital expenditures from 2009 to 2010 resulted primarily from higher capital expenditures for maintenance programs and operational innovation initiatives partially offset by lower costs related to fewer new store locations. We estimate that our capital expenditures during 2012 will be between $90,000 and $100,000. This estimate includes certain costs related to the acquisition of sites and construction of fifteen new stores that will open or have opened during 2012, as well as for acquisition and construction costs for store locations to be opened in future years and capital expenditures for maintenance programs. We intend to fund our capital expenditures with cash flows from operations and borrowings under our 2011 Revolving Credit Facility, as necessary.

Proceeds from Sale of Property and Equipment

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

In the fourth quarter of 2009, we completed sale-leaseback transactions involving 15 of our stores and our retail distribution center. Net proceeds from the sale-leaseback transactions of $56,260, along with excess cash from operations, were used to reduce our outstanding borrowings (see “Borrowing Capacity and Debt Covenants” above).

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

Subject to a maximum amount of $65,000, we were authorized by our Board of Directors to repurchase shares during 2011 to offset share dilution that results from the issuance of shares under our equity compensation plans. Additionally, subject to a maximum amount of $65,000, we have been authorized by our Board of Directors to repurchase shares during 2012 at the discretion of management. Our current criteria for share repurchases are that they be accretive to expected net income per share and are within the limits imposed by our 2011 Credit Facility. During 2011, we repurchased 676,600 shares in the open market at an aggregate cost of $33,563. During 2010, we repurchased 1,352,000 shares in the open market at an aggregate cost of $62,487. We did not repurchase any shares in 2009.

Our 2011 Credit Facility imposes restrictions on the amount of dividends we are able to pay. If there is no default then existing and the total of our availability under our 2011 Revolving Credit Facility plus our cash and cash equivalents on hand is at least $100,000, 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 2011 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 per share or 10% of the amount of the dividend paid in the prior fiscal quarter.

During the first quarter of 2011, we declared a quarterly dividend of $0.22 per share of our common stock (an annual equivalent of $0.88 per share), an increase from the quarterly dividend of $0.20 per share paid in the first quarter of 2010. We paid dividends of $0.22 per share during the second, third and fourth quarters of 2011. Additionally, on September 12, 2011, the Board declared a dividend of $0.25 per share payable on November 7, 2011 to shareholders of record on October 21, 2011. In 2010 and 2009, we paid dividends of $0.80 and $0.78 per share, respectively.

During 2011, we received proceeds of $20,540 from the exercise of share-based compensation awards and the corresponding issuance of 784,793 shares. The excess tax benefit realized upon exercise of share-based compensation awards was $4,108. During 2010 and 2009, we received proceeds of $37,460 and $4,362, respectively, from the exercise of share-based compensation awards.

Working Capital

In the restaurant industry, virtually all sales are either for cash or third-party credit card. Like many other restaurant companies, we are able to, and often do, operate with negative working capital. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while restaurant inventories purchased locally generally are financed from normal trade credit. Because of our retail operations, which have a lower product turnover than the restaurant business, we carry larger inventories than many other companies in the restaurant industry. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through wire transfers. These various trade terms are aided by rapid turnover of the restaurant inventory. Employees generally are paid on weekly or semi-monthly schedules in arrears for hours worked except for bonuses that are paid either quarterly or annually in arrears. Many other operating expenses have normal trade terms and certain expenses such as certain taxes and some benefits are deferred for longer periods of time.

We had negative working capital of $21,188, $73,289 and $66,637, respectively, at July 29, 2011, July 30, 2010 and July 31, 2009. The change in working capital at July 29, 2011 compared with July 30, 2010 primarily reflected the decrease in accounts payable, payments for estimated income taxes, lower incentive compensation accruals and an optional prepayment of our required principal payments due within the next twelve months on our outstanding term loan. The decrease in accounts payable reflected the results of conversion to more electronic payment methods and lower accounts payable related to retail inventory. Lower incentive compensation accruals resulted from the payment of annual bonuses in the first quarter of 2011 that were earned for 2010. The change in working capital at July 30, 2010 compared with July 31, 2009 primarily reflected the increase in accounts payable, the timing of payments for estimated income taxes, higher incentive compensation accruals based on better performance against financial objectives and an increase in cash generated from operations. The increase in accounts payable resulted from more effective vendor terms management and improvements to disbursement cycles.

Off-Balance Sheet Arrangements

Other than various operating leases, which are disclosed more fully in “Material Commitments” below and Notes 2 and 16 to our Consolidated Financial Statements, we have no other material off-balance sheet arrangements.

Material Commitments

Our contractual cash obligations and commitments as of July 29, 2011, are summarized in the tables below:

		Payments due by Year			
Contractual Obligations (a)	Total	2012	2013-2014	2015-2016	After 2016
Term loan payable on or before July 8, 2016 (b)	$ 231,250	--	$ 43,750	$ 187,500	--
2011 Revolving Credit Facility expiring on July 8, 2016 (b)	318,750	--	--	318,750	--
Note payable (c)	255	$ 109	146	--	--
Operating leases excluding billboards (d)	752,929	37,312	75,818	76,430	$ 563,369
Operating leases for billboards	30,996	18,372	12,624	--	--
Purchase obligations (e)	149,721	79,562	62,065	8,078	16
Other long-term obligations (f)	45,525	829	11,301	106	33,289
Total contractual cash obligations	$ 1,529,426	$ 136,184	$ 205,704	$ 590,864	$ 596,674

		Amount of Commitment Expirations by Year			
	Total	2012	2013-2014	2015-2016	After 2016
2011 Revolving Credit Facility expiring on July 8, 2016 (b)	$ 500,000	--	--	$ 500,000	--
Standby letters of credit	29,981	29,981	--	--	--
Guarantees (g)	1,802	507	$ 636	$ 228	$ 431
Total commitments	$ 531,783	$ 30,488	$ 636	$ 500,228	$ 431

(a) At July 29, 2011, the entire liability for uncertain tax positions (including penalties and interest) is classified as a long-term liability. At this time, we are unable to make a reasonably reliable estimate of the amounts and timing of payments in individual years because of uncertainties in the timing of the effective settlement of tax positions. As such, the liability for uncertain tax positions of $19,547 is not included in the contractual cash obligations and commitments table above.

(b) Using our expected principal payments and projected interest rates, we will have interest payments of $42,612, $58,064, and $33,989 in 2012, 2013-2014 and 2015-2016, respectively. The projected interest rates for our swapped portion of our outstanding borrowings are our fixed rates under our interest rate swaps (see Note 2 to the Consolidated Financial Statements) plus our current credit spread of 2.00%. The projected interest rate for our unswapped portion of our outstanding borrowings is the three-year swap rate at July 29, 2011 of 1.23% plus our current credit spread. Based on having $318,750 outstanding borrowings under our 2011 Revolving Credit Facility at July 29, 2011 and our current unused commitment fee as defined in the 2011 Credit Facility, our unused commitment fees in 2012 would be $461; however, the actual amount will differ based on actual usage of the 2011 Revolving Credit Facility in 2012.

(c) 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%. Principal and interest payments for the note payable are included in the contractual cash obligations and commitments table above.

(d) Includes base lease terms and certain optional renewal periods, for which at the inception of the lease, it is reasonably assured that we will exercise.

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

(f) Other long-term obligations include our Non-Qualified Savings Plan ($29,665, with a corresponding long-term asset to fund the liability; see Note 12 to the Consolidated Financial Statements), Deferred Compensation Plan ($4,453), FY2009, FY2010 and FY2011 Long-Term Retention Incentive Plans ($1,779), FY2011 District Manager Long-Term Performance Plan ($430) and FY2010 and FY2011 Long-Term Performance Plans ($9,198).

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

Recent Accounting Pronouncements Not Yet Adopted

Fair Value Measurement and Disclosure Requirements

In May 2011, the Financial Accounting Standards Board ("FASB") issued amended accounting guidance which provides additional guidance on how to determine fair value under existing standards and expands existing disclosure requirements on a prospective basis. The guidance is effective for fiscal years and interim periods beginning after December 15, 2011. We do not expect that the adoption of this accounting guidance in the third quarter of 2012 will have a significant impact on our consolidated financial statements.

Presentation of Comprehensive Income

In June 2011, the FASB issued amended accounting guidance which requires companies to present total comprehensive income and its components and the components of net income in either a single continuous statement of comprehensive income or in two consecutive statements reporting net income and comprehensive income. This requirement eliminates the option to present components of comprehensive income as part of the statement of changes in shareholders' equity. This guidance affects only the presentation of comprehensive income and does not change the components of comprehensive income. This guidance is effective for fiscal years beginning after December 15, 2011 on a retrospective basis. We do not expect that the adoption of this accounting guidance in the first quarter of 2013 will have a significant impact on our consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

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

Our significant accounting policies are discussed in Note 2 to the Consolidated Financial Statements. 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 most important to the accurate portrayal of both our financial condition and operating results and
- require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We consider the following accounting estimates to be most critical in understanding the judgments that are involved in preparing our Consolidated Financial Statements:

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

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

Impairment of Long-Lived Assets and Provision for Asset Dispositions

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying amount of the asset, the carrying value is written down, for an asset to be held and used, to the estimated fair value or, for an asset to be disposed of, to the fair value, net of estimated costs of disposal. Any loss resulting from impairment is recognized by a charge to income. Judgments and estimates that we make related to the expected useful lives of long-lived assets and future cash flows 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 past three years and we do not believe that there is a reasonable likelihood that there will be a material change in the estimates or assumptions used by us to assess impairment on long-lived assets. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and fair values of long-lived assets, we may be exposed to losses that could be material.

In 2011, 2010 and 2009, we incurred impairment charges related to our stores. In 2011 and 2009, we also incurred impairment charges related to corporate properties. For a more detailed discussion of these costs see the sub-section entitled “Impairment and Store Dispositions, Net” under the section above entitled “Results of Operations” presented earlier in the MD&A.

Insurance Reserves

We self-insure a significant portion of our expected workers’ compensation, general liability and health insurance programs. We purchase insurance for individual workers’ compensation claims that exceed $250, $500 or $1,000 depending on the state in which the claim originates. We purchase insurance for individual general liability claims that exceed $500. Prior to January 1, 2009, we did not purchase such insurance for our group health program, but did limit our offered 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 fully insured and as such has no liability for unpaid claims. The second program is self-insured. For our calendar 2009 plan, benefits for any individual (employee or dependents) in the self-insured program were limited to not more than $1,000 lifetime, $100 in any given plan year and, in certain cases, to not more than $15 in any given plan year. For our calendar 2010 and 2011 plans, benefits for any individual (employee or dependents) in the self-insured program are limited to not more than $20 in any given plan year, and, in certain cases, to not more than $8 in any given year. We record a liability for the self-insured portion of our group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience.

We record a liability for workers’ compensation and general liability for all unresolved claims and for an actuarially determined estimate of incurred but not reported claims at the anticipated cost to us based upon an actuarially determined reserve as of the end of our third quarter and adjust it by the actuarially determined losses and actual claims payments for the fourth quarter. The reserves and losses are determined actuarially from a range of possible outcomes within which no given estimate is more likely than any other estimate. As such, we record the actuarially determined losses at the lower end of that range and discount them to present value using a risk-free interest rate based on 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.

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 past three years and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to calculate the insurance reserves. However, changes in these actuarial assumptions or management judgments in the future may produce materially different amounts of expense that would be reported under these insurance programs.

Retail Inventory Valuation

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

Inventory valuation provisions are included for retail inventory obsolescence and retail inventory shrinkage. Retail inventory is reviewed on a quarterly basis for obsolescence and adjusted as appropriate based on assumptions made by management and judgment regarding inventory aging and future promotional activities. Cost of goods sold includes an estimate of shrinkage that is adjusted upon physical inventory counts. Annual physical inventory counts are conducted throughout the third and fourth quarters based upon a cyclical inventory schedule. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a three-year average of the physical inventories' results on a store-by-store basis.

We have not made any material changes in the methodologies, estimates or assumptions related to our merchandise inventories during the past three years and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions in the future. However, actual obsolescence or shrinkage recorded may produce materially different amounts than we have estimated.

Tax Provision

We must make estimates of certain items that comprise our income tax provision. These estimates include effective state and local income tax rates, employer tax credits for items such as FICA taxes paid on employee tip income, Work Opportunity and Welfare to Work credits, as well as estimates related to certain depreciation and capitalization policies. Our estimates are made based on current tax laws, the best available information at the time of the provision and historical experience.

We recognize (or derecognize) a tax position taken or expected to be taken in a tax return in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained (or not sustained) upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

We file our income tax returns many months after our year end. These returns are subject to audit by various federal and state governments years after the returns are filed and could be subject to differing interpretations of the tax laws. We then must assess the likelihood of successful legal proceedings or reach a settlement with the relevant taxing authority. Although we believe that the judgments and estimates used in establishing our tax provision are reasonable, an unsuccessful legal proceeding or a settlement could result in material adjustments to our Consolidated Financial Statements and our consolidated financial position.

Share-Based Compensation

Share-based compensation expense is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period or the date on which retirement is achieved, if shorter. If a share-based compensation award is modified after the grant date, incremental compensation expense is recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Incremental compensation expense for vested awards is recognized immediately. For unvested awards, the sum of the incremental compensation expense and the remaining unrecognized compensation expense for the original award on the modification date is recognized over the modified service period. Our policy is to recognize compensation expense for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award. Additionally, our policy is to issue new shares of common stock to satisfy exercises of share-based compensation awards.

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

- The expected volatility is a blend of implied volatility based on market-traded options on our stock and historical volatility of our stock over the contractual life of the options.

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

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

Compensation expense is recognized for only the portion of options that are expected to vest. Therefore, an estimated forfeiture rate derived from historical employee termination behavior, grouped by job classification, is applied against share-based compensation expense. The forfeiture rate is applied on a straight-line basis over the service (vesting) period for each separately vesting portion of the award as if the award were, in-substance, multiple awards. We update the estimated forfeiture rate to actual at each reporting period and adjust compensation expense accordingly so that the amount of compensation expense recognized at any date is at least equal to the portion of the grant-date value of the award that is vested at that date.

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

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

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

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

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

Unredeemed Gift Cards

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

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

Legal Proceedings

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

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

We are exposed to market risk, such as changes in interest rates and commodity prices. We do not hold or use derivative financial instruments for trading purposes.

Interest Rate Risk. We have interest rate risk relative to our outstanding borrowings under our 2011 Credit Facility. At July 29, 2011, our outstanding borrowings under our 2011 Credit Facility totaled $550,000 (see Note 5 to our Consolidated Financial Statements). Loans under the 2011 Credit Facility bear interest, at our election, either at the prime rate or LIBOR plus a percentage point spread based on certain specified financial ratios. Our policy has been to manage interest cost using a mix of fixed and variable rate debt (see Notes 5, 6 and 10 to our Consolidated Financial Statements). To manage this risk in a cost efficient manner, we have entered into interest rate swaps. In 2006, we entered into an interest rate swap with a fixed rate of 5.57% plus our credit spread; this interest rate swap expires in May 2013. During 2011, we entered into three additional interest rate swaps with an effective date of May 2013. Additionally, on September 19, 2011, we entered into two additional swaps with an effective date of May 2013. At July 29, 2011, our outstanding borrowings were swapped at a rate of 7.57%. See Notes 2 and 6 to our Consolidated Financial Statements for further discussion of our interest rate swaps.

Commodity Price Risk. Many of the food products that we purchase are affected by commodity pricing and are, therefore, subject to price volatility caused by market conditions, weather, production problems, delivery difficulties and other factors which are outside our control and which are generally unpredictable. Four food categories (dairy (including eggs), beef, poultry and pork) account for the largest shares of our food purchases at approximately 13%, 11%, 11% and 11%, respectively. Other categories affected by the commodities markets, such as grains and seafood, may each account for as much as 7% of our food purchases. While we have some of our food items prepared to our specifications, our food items are based on generally available products, and if any existing suppliers fail, or are unable to deliver in quantities required by us, we believe that there are sufficient other quality suppliers in the marketplace that our sources of supply can be replaced as necessary to allow us to avoid any material adverse effects that could be caused by such unavailability. We also recognize, however, that commodity pricing is extremely volatile and can change unpredictably and over short periods of time. Changes in commodity prices would affect us and our competitors generally, and depending on the terms and duration of supply contracts, sometimes simultaneously. We enter into contracts for certain of our products in an effort to minimize volatility of supply and pricing. In many cases, or over the longer term, we believe we will be able to pass through some or much of the increased commodity costs by adjusting our menu pricing. From time to time, competitive circumstances, or judgments about consumer acceptance of price increases, may limit menu price flexibility, and in those circumstances, increases in commodity prices can result in lower margins.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Cracker Barrel Old Country Store, Inc.
Lebanon, Tennessee

We have audited the accompanying consolidated balance sheets of Cracker Barrel Old Country Store, Inc. and subsidiaries (the "Company") as of July 29, 2011 and July 30, 2010, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three fiscal years in the period ended July 29, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Cracker Barrel Old Country Store, Inc. and subsidiaries as of July 29, 2011 and July 30, 2010, and the results of their operations and their cash flows for each of the three fiscal years in the period ended July 29, 2011, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of July 29, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 27, 2011 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
September 27, 2011

CRACKER BARREL OLD COUNTRY STORE, INC.

CONSOLIDATED BALANCE SHEETS

	(In thousands except share data)	
ASSETS	July 29, 2011	July 30, 2010
Current Assets:		
Cash and cash equivalents	$ 52,274	$ 47,700
Property held for sale	950	--
Accounts receivable	12,279	13,530
Income taxes receivable	7,898	--
Inventories	141,547	144,079
Prepaid expenses and other current assets	9,000	8,609
Deferred income taxes	21,967	22,341
Total current assets	245,915	236,259
Property and Equipment:		
Land	288,779	287,591
Buildings and improvements	712,451	698,396
Buildings under capital leases	3,289	3,289
Restaurant and other equipment	435,960	410,411
Leasehold improvements	222,496	210,326
Construction in progress	10,898	11,532
Total	1,673,873	1,621,545
Less: Accumulated depreciation and amortization of capital leases	664,709	617,442
Property and equipment – net	1,009,164	1,004,103
Other assets	55,805	51,705
Total	$ 1,310,884	$ 1,292,067
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 99,679	$ 116,218
Current maturities of long-term debt and other long-term obligations	123	6,765
Taxes withheld and accrued	32,335	32,987
Income taxes payable	--	7,624
Accrued employee compensation	49,194	59,874
Accrued employee benefits	29,247	30,937
Deferred revenues	32,630	27,544
Accrued interest expense	7,857	10,535
Other accrued expenses	16,038	17,064
Total current liabilities	267,103	309,548
Long-term debt	550,143	573,744
Interest rate swap liability	51,604	66,281
Other long-term obligations	105,661	93,822
Deferred income taxes	68,339	57,055
Commitments and Contingencies (Notes 10 and 16)		
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; 2011 – 22,840,974 shares issued and outstanding; 2010 – 22,732,781 shares issued and outstanding	228	228
Additional paid-in capital	7,081	6,200
Accumulated other comprehensive loss	(38,032)	(48,849)
Retained earnings	298,757	234,038
Total shareholders' equity	268,034	191,617
Total	$ 1,310,884	$ 1,292,067

See Notes to Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONSOLIDATED STATEMENTS OF INCOME

	(In thousands except share data) Fiscal years ended July 29, 2011	July 30, 2010	July 31, 2009
Total revenue	$ 2,434,435	$ 2,404,515	$ 2,367,285
Cost of goods sold	772,471	745,818	764,909
Gross profit	1,661,964	1,658,697	1,602,376
Labor and other related expenses	904,229	908,211	916,256
Other store operating expenses	451,957	437,136	421,594
Store operating income	305,778	313,350	264,526
General and administrative expenses	139,222	145,882	120,199
Impairment and store dispositions, net	(625)	2,800	2,088
Operating income	167,181	164,668	142,239
Interest expense	51,490	48,959	52,177
Income before income taxes	115,691	115,709	90,062
Provision for income taxes	30,483	30,451	24,105
Income from continuing operations	85,208	85,258	65,957
Loss from discontinued operations, net of tax	--	--	(31)
Net income	$ 85,208	$ 85,258	$ 65,926
Basic net income per share:			
Income from continuing operations	$ 3.70	$ 3.71	$ 2.94
Loss from discontinued operations, net of tax	--	--	--
Net income per share	$ 3.70	$ 3.71	$ 2.94
Diluted net income per share:			
Income from continuing operations	$ 3.61	$ 3.62	$ 2.89
Loss from discontinued operations, net of tax	--	--	--
Net income per share	$ 3.61	$ 3.62	$ 2.89
Basic weighted average shares outstanding	22,998,200	23,007,856	22,458,971
Diluted weighted average shares outstanding	23,634,675	23,579,752	22,787,633

See Notes to Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balances at August 1, 2008	22,325,341	$ 223	$ 731	$ (27,653)	$ 119,450	$ 92,751
Comprehensive Income:						
Net income	--	--	--	--	65,926	65,926
Change in fair value of interest rate swap, net of tax benefit of $4,445 (See Note 6)	--	--	--	(17,169)	--	(17,169)
Total comprehensive income	--	--	--	(17,169)	65,926	48,757
Cash dividends declared - $.80 per share	--	--	--	--	(18,131)	(18,131)
Share-based compensation	--	--	6,946	--	--	6,946
Exercise of share-based compensation awards	397,344	4	4,358	--	--	4,362
Tax benefit realized upon exercise of share-based compensation awards	--	--	937	--	--	937
Balances at July 31, 2009	22,722,685	227	12,972	(44,822)	167,245	135,622
Comprehensive Income:						
Net income	--	--	--	--	85,258	85,258
Change in fair value of interest rate swap, net of tax benefit of $1,022 (See Note 6)	--	--	--	(4,027)	--	(4,027)
Total comprehensive income	--	--	--	(4,027)	85,258	81,231
Cash dividends declared - $.80 per share	--	--	--	--	(18,465)	(18,465)
Share-based compensation	--	--	13,193	--	--	13,193
Exercise of share-based compensation awards	1,362,096	14	37,446	--	--	37,460
Tax benefit realized upon exercise of share-based compensation awards	--	--	5,063	--	--	5,063
Purchases and retirement of common stock	(1,352,000)	(13)	(62,474)	--	--	(62,487)
Balances at July 30, 2010	22,732,781	228	6,200	(48,849)	234,038	191,617
Comprehensive Income:						
Net income	--	--	--	--	85,208	85,208
Change in fair value of interest rate swaps, net of tax expense of $3,860 (See Note 6)	--	--	--	10,817	--	10,817
Total comprehensive income	--	--	--	10,817	85,208	96,025
Cash dividends declared - $.88 per share	--	--	--	--	(20,489)	(20,489)
Share-based compensation	--	--	9,796	--	--	9,796
Exercise of share-based compensation awards	784,793	7	20,533	--	--	20,540
Tax benefit realized upon exercise of share-based compensation awards	--	--	4,108	--	--	4,108
Purchases and retirement of common stock	(676,600)	(7)	(33,556)	--	--	(33,563)
Balances at July 29, 2011	22,840,974	$ 228	$ 7,081	$ (38,032)	$ 298,757	$ 268,034

See Notes to Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	(In thousands) Fiscal years ended		
	July 29, 2011	July 30, 2010	July 31, 2009
Cash flows from operating activities:			
Net income	$ 85,208	$ 85,258	$ 65,926
Loss from discontinued operations, net of tax	--	--	31
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	62,788	61,024	59,286
(Gain) loss on disposition of property and equipment	(1,418)	4,697	4,421
Impairment	3,219	2,672	2,088
Share-based compensation	9,796	13,193	6,946
Excess tax benefit from share-based compensation	(4,108)	(5,063)	(937)
Changes in assets and liabilities:			
Accounts receivable	1,251	(800)	754
Income taxes receivable	(7,898)	4,078	3,794
Inventories	2,532	(6,655)	18,530
Prepaid expenses and other current assets	(391)	584	1,788
Other assets	(803)	(5,642)	2,009
Accounts payable	(16,539)	24,050	(1,021)
Taxes withheld and accrued	(652)	906	2,622
Income taxes payable	(3,516)	12,687	--
Accrued employee compensation	(10,680)	9,880	3,809
Accrued employee benefits	(1,690)	(1,696)	(1,608)
Deferred revenues	5,086	5,016	(90)
Accrued interest expense	(2,678)	156	(2,106)
Other accrued expenses	(1,669)	(613)	(672)
Other long-term obligations	12,576	5,002	(1,953)
Deferred income taxes	7,798	3,372	554
Net cash provided by operating activities of continuing operations	138,212	212,106	164,171
Cash flows from investing activities:			
Purchase of property and equipment	(77,962)	(70,132)	(68,104)
Proceeds from insurance recoveries of property and equipment	276	241	262
Proceeds from sale of property and equipment	8,197	265	58,755
Net cash used in investing activities of continuing operations	(69,489)	(69,626)	(9,087)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	687,000	349,600	620,200
Proceeds from exercise of share-based compensation awards	20,540	37,460	4,362
Principal payments under long-term debt and other long-term obligations	(717,263)	(414,572)	(762,530)
Purchases and retirement of common stock	(33,563)	(62,487)	--
Deferred financing costs	(5,125)	(2,908)	(768)
Dividends on common stock	(19,846)	(18,545)	(17,607)
Excess tax benefit from share-based compensation	4,108	5,063	937
Net cash used in financing activities of continuing operations	(64,149)	(106,389)	(155,406)
Cash flows from discontinued operations:			
Net cash used in operating activities of discontinued operations	--	--	(47)
Net cash used in discontinued operations	--	--	(47)
Net increase (decrease) in cash and cash equivalents	4,574	36,091	(369)
Cash and cash equivalents, beginning of year	47,700	11,609	11,978
Cash and cash equivalents, end of year	$ 52,274	$ 47,700	$ 11,609

See Notes to Consolidated Financial Statements.

Supplemental disclosure of cash flow information:						
Cash paid during the year for:						
Interest, excluding interest rate swap payments, net of amounts capitalized	$	15,946	$	14,598	$	32,344
Interest rate swaps		30,355		30,722		19,469
Income taxes		32,248		20,673		23,782
Supplemental schedule of non-cash financing activity:						
Change in fair value of interest rate swaps	$	14,677	$	(5,049)	$	(21,614)
Change in deferred tax asset for interest rate swaps		(3,860)		1,022		4,445

See Notes to Consolidated Financial Statements.

(In thousands except share data)

1. Description of the Business

Cracker Barrel Old Country Store, Inc. and its affiliates (collectively, in the Notes, the "Company") are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® ("Cracker Barrel") restaurant and retail concept.

2. Summary Of Significant Accounting Policies

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

Fiscal year – The Company's fiscal year ends on the Friday nearest July 31st and each quarter consists of thirteen weeks unless noted otherwise. References in these Notes to a year or quarter are to the Company's fiscal year or quarter unless noted otherwise.

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

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a three level hierarchy for inputs is used. These levels 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 fair values of cash equivalents and deferred compensation plan assets (included in other assets) are based on quoted market prices. The fair values of accounts receivable and accounts payable at July 29, 2011 and July 30, 2010, approximate their carrying amounts because of their short duration. The fair value of the Company's variable rate debt, based on quoted market prices, totaled approximately $550,000 and $566,510 on July 29, 2011 and July 30, 2010, respectively. The estimated fair value of the Company's interest rate swaps is the present value of the expected cash flows, which is calculated by using the replacement fixed rate in the then-current market, and incorporates the Company's non-performance risk. See Note 3 for additional information on the Company's fair value measurements.

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

Property held for sale – Property held for sale consists of real estate properties that the Company expects to sell within one year and is reported at the lower of carrying amount or fair value less costs to sell. At July 29, 2011, property held for sale consisted of office space.

Accounts receivable – Accounts receivable, net of the allowance for doubtful accounts, represents their estimated net realizable value. Provisions for doubtful accounts are recorded based on historical collection experience and the age of the receivables. Accounts receivable are written off when they are deemed uncollectible.

Inventories – Inventories are stated at the lower of cost or market. Cost of restaurant inventory is determined by the first-in, first-out (“FIFO”) method. Retail inventories are valued using the retail inventory method (“RIM”) except at the retail distribution center which uses average cost. In 2011, due to lower inventory levels at the Company’s retail distribution center as compared to prior years, approximately 80% of retail inventories are valued using RIM and the remaining 20% are valued using an average cost method. In 2010, approximately 70% of retail inventories are valued using RIM and the remaining 30% are valued using an average cost method. Valuation provisions are included for retail inventory obsolescence, retail inventory shrinkage, returns and amortization of certain items.

Cost of goods sold includes an estimate of retail inventory shrinkage that is adjusted upon physical inventory counts. Annual physical inventory counts are conducted throughout the third and fourth quarters based upon a cyclical inventory schedule. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a three-year average of the physical inventories’ results on a store-by-store basis.

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

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

Accelerated depreciation methods are generally used for income tax purposes.

Total depreciation expense was $61,677, $59,930 and $57,706 for 2011, 2010 and 2009, respectively.   Depreciation expense related to store operations was $56,985, $56,402 and $53,745 for 2011, 2010 and 2009, respectively, and is included in other store operating expenses in the Consolidated Statements of Income.

Capitalized interest was $350, $215 and $445 for 2011, 2010 and 2009, respectively.

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

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

Impairment of long-lived assets – The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying value of the asset, the carrying value is written down, for an asset to be held and used, to the estimated fair value or, for an asset to be disposed of, to the fair value, net of estimated costs of disposal. Any loss resulting from impairment is recognized by a charge to income. Judgments and estimates made by the Company related to the expected useful lives of long-lived assets are affected by factors such as changes in economic conditions and changes in operating performance. The accuracy of such provisions can vary materially from original estimates and management regularly monitors the adequacy of the provisions until final disposition occurs. See Notes 3 and 9 for additional information on the Company’s impairment of long-lived assets.

Derivative instruments and hedging activities – The Company is exposed to market risk, such as changes in interest rates and commodity prices. The Company has interest rate risk relative to its outstanding borrowings, which bear interest at the Company’s election either at the prime rate or LIBOR plus a percentage point spread based on certain specified financial ratios under its credit facility (see Note 5). The Company’s policy has been to manage interest cost using a mix of fixed and variable rate debt. To manage this risk in a cost efficient manner, the Company uses derivative instruments, specifically interest rate swaps.

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

From August 3, 2006 to May 2, 2007	$	525,000
From May 3, 2007 to May 5, 2008		650,000
From May 6, 2008 to May 4, 2009		625,000
From May 5, 2009 to May 3, 2010		600,000
From May 4, 2010 to May 2, 2011		575,000
From May 3, 2011 to May 2, 2012		550,000
From May 3, 2012 to May 3, 2013		525,000

The 2006 swap was accounted for as a cash flow hedge and expires in May 2013. The rate on the portion of the Company’s outstanding debt covered by the 2006 swap is fixed at a rate of 5.57% plus the Company’s credit spread over the 7-year life of the 2006 swap. The Company’s weighted average credit spreads at July 29, 2011 and July 30, 2010 were 2.00% and 1.90%, respectively.

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

On July 25, 2011, the Company entered into two additional interest rate swaps; one with a 2-year life (the “2011 2-year swap”) and one with a 3-year life (the “2011 3-year swap”). For both of these interest rate swaps, the Company agreed to exchange with counterparties, effective May 3, 2013, the difference between fixed and variable interest amounts calculated by reference to the notional principal amount of $50,000 for each interest rate swap. These interest rate swaps were also accounted for as cash flow hedges. The rates on the portion of the Company’s outstanding debt covered by the 2011 2-year swap and 2011 3-year swap will be fixed at 2.00% and 2.45%, respectively, plus the Company’s credit spreads over the respective lives of the interest rate swaps.

Additionally, on September 19, 2011, the Company entered into two interest rate swaps. For both of these interest rate swaps, the Company agreed to exchange with counterparties, effective May 3, 2013, the difference between fixed and variable interest amounts calculated by reference to the notional principal amount of $25,000 for each interest rate swap. These interest rate swaps were also accounted for as cash flow hedges. The rate on the portion of the Company’s outstanding debt covered by these swaps will be fixed at a rate of 1.05% plus the Company’s credit spread over the 2-year life of each swap.

Companies may elect whether or not to offset related assets and liabilities and report the net amount on their financial statements if the right of setoff exists. Under a master netting agreement, the Company has the legal right to offset the amounts owed to the Company against amounts owed by the Company under a derivative instrument that exists between the Company and a counterparty.

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

The Company does not hold or use derivative instruments for trading purposes. The Company also does not have any derivatives not designated as hedging instruments and has not designated any non-derivatives as hedging instruments. See Note 6 for additional information on the Company’s derivative and hedging activities.

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

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

Segment reporting – Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Utilizing these criteria, the Company manages its business on the basis of one reportable operating segment (see Note 8).

Revenue recognition – The Company records revenue from the sale of products as they are sold. The Company provides for estimated returns based on return history and sales levels. The Company's policy is to present sales in the Consolidated Statements of Income on a net presentation basis after deducting sales tax.

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

Insurance – The Company self-insures a significant portion of its workers' compensation, general liability and health insurance programs. The Company purchases insurance for individual workers' compensation claims that exceed $250, $500 or $1,000 depending on the state in which the claim originates. The Company purchases insurance for individual general liability claims that exceed $500. Prior to January 1, 2009, the Company did not purchase such insurance for its group health program, but did limit its offered 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, the Company split its group health program into two programs. The first program is fully insured and as such has no liability for unpaid claims. The second program is self-insured. For the Company's calendar 2009 plan, benefits for any individual (employee or dependents) in the self-insured program were limited to not more than $1,000 lifetime, $100 in any given plan year and, in certain cases, to not more than $15 in any given plan year. For the Company's calendar 2010 and 2011 plans, benefits for any individual (employee or dependents) in the self-insured program are limited to not more than $20 in any given year, and, in certain cases, to not more than $8 in given year. The Company records a liability for the self-insured portion of its group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience.

The Company records a liability for workers' compensation and general liability for all unresolved claims and for an actuarially determined estimate of incurred but not reported claims at the anticipated cost to the Company based upon an actuarially determined reserve as of the end of the Company's third quarter and adjusts it by the actuarially determined losses and actual claims payments for the fourth quarter. The reserves and losses are determined actuarially from a range of possible outcomes within which no given estimate is more likely than any other estimate. As such, the Company records the losses at the lower end of that range and discounts them to present value using a risk-free interest rate based on actuarially projected timing of payments. The Company's accounting policies regarding insurance reserves include certain actuarial assumptions or management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. Unanticipated changes in these factors may produce materially different amounts of expense.

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

Leases – The Company's leases are classified as either capital or operating leases. The Company has ground leases and office space leases that are recorded as operating leases. A majority of the Company's lease agreements provide renewal options and some of these options contain rent escalation clauses. Additionally, some of the leases have rent holiday and contingent rent provisions. During rent holiday periods, which include the pre-opening period during construction, the Company has possession of and access to the property, but is not obligated to, and normally does not, make rent payments. Contingent rent is determined as a percentage of gross sales in excess of specified levels. The Company records a contingent rent liability and corresponding rent expense when it is probable sales have been achieved in amounts in excess of the specified levels.

The liabilities under these leases are recognized on the straight-line basis over the shorter of the useful life, with a maximum of 35 years, or the related lease life. The Company uses a lease life that generally begins on the date that the Company becomes legally obligated under the lease, including the rent holiday periods, and generally extends through certain renewal periods that can be exercised at the Company's option, for which at the inception of the lease, it is reasonably assured that the Company will exercise those renewal options. This lease period is consistent with the period over which leasehold improvements are amortized. The same lease life is used for reporting future minimum lease commitments as is used for the straight-line rent calculation.

The Company also leases its advertising billboards which are recorded as operating leases.

Advertising – The Company expenses the costs of producing advertising the first time the advertising takes place. Other advertising costs are expensed as incurred. Advertising expense was $48,889, $45,239 and $42,371 for 2011, 2010 and 2009, respectively.

Share-based compensation – Share-based compensation is recorded in general and administrative expenses in the Consolidated Statements of Income. Share-based compensation expense is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period or to the date on which retirement eligibility is achieved, if shorter. If a share-based compensation award is modified after the grant date, incremental compensation expense is recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Incremental compensation expense for vested awards is recognized immediately. For unvested awards, the sum of the incremental compensation expense and the remaining unrecognized compensation expense for the original award on the modification date is recognized over the modified service period. The Company's policy is to recognize compensation expense for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award. Additionally, the Company's policy is to issue new shares of common stock to satisfy exercises of share-based compensation awards.

At July 29, 2011, the Company has one active compensation plan for employees and non-employee directors which authorizes the granting of stock options, nonvested stock and other types of awards consistent with the purpose of the plan; the Company also has stock options and nonvested stock outstanding under four other compensation plans in which no future grants may be made (see Note 11). At July 29, 2011, the number of shares authorized for future issuance under the Company's active plan is 1,420,843.

Stock options are granted with an exercise price equal to the market price of the Company's stock on the grant date; those option awards generally vest at a cumulative rate of 33% per year beginning on the first anniversary of the grant date and expire ten years from the date of grant.

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

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

	Year Ended		
	July 29, 2011	July 30, 2010	July 31, 2009
Dividend yield range	1.7%	2.5%	2.59%- 5.35%
Expected volatility	40%	47%	43% - 61%
Risk-free interest rate range	0.3%- 4.6%	0.4%- 5.1%	0.5%- 5.4%
Expected term (in years)	6.6*	6.8	6.7 – 6.9

*Stock options granted in 2011 were defeased and replaced with performance-based stock units ("PBSUs") (see Note 11).

In 2011, the Company began granting PBSUs. The number of PBSUs that will ultimately be earned and will vest is based on total shareholder return, which is defined as increases in the Company's stock price plus dividends paid during the performance period. The probability of the actual shares expected to be earned is considered in the grant date valuation; therefore, the expense will not be adjusted to reflect the actual units earned. The vesting of the PBSUs is also subject to the achievement of a specified level of operating income during the performance period. If this performance goal is not met, no PBSUs will be awarded and no compensation expense will be recorded.

The fair value of the PBSUs is determined using the Monte-Carlo simulation model, which simulates a range of possible future stock prices and estimates the probabilities of the potential payouts. This model incorporates several key assumptions that are similar to those used to value stock options. Those inputs include expected volatility, risk-free rate of return and expected dividend yield and are included in the following table. Additionally, for the PBSU's granted in 2011, the Monte-Carlo simulation model used the average prices for the 60-consecutive calendar days from July 1, 2010 to August 31, 2010.

	Year Ended July 29, 2011
Dividend yield range	1.6%
Expected volatility	43%
Risk-free interest rate	0.8%

Nonvested stock grants consist of the Company's common stock and generally vest over 2-5 years. All nonvested stock grants are time vested except the nonvested stock grants of one executive that are based upon the achievement of strategic goals. If any performance goals are not met, no compensation expense is ultimately recognized and, to the extent previously recognized, compensation expense is reversed.

Generally, the fair value of each nonvested stock grant is equal to the market price of the Company's stock at the date of grant reduced by the present value of expected dividends to be paid prior to the vesting period, discounted using an appropriate risk-free interest rate. Certain nonvested stock grants accrue dividends and their fair value is equal to the market price of the Company's stock at the date of the grant. Dividends are forfeited for any nonvested stock awards that do not vest.

Income taxes – The Company's provision for income taxes includes employer tax credits for FICA taxes paid on employee tip income and other employer tax credits are accounted for by the flow-through method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company recognizes (or derecognizes) a tax position taken or expected to be taken in a tax return in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained (or not sustained) upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company recognizes, net of tax, interest and estimated penalties related to uncertain tax positions in its provision for income taxes. See Note 14 for additional information regarding income taxes.

Discontinued operations – The Company classifies the results of operations of a closed store as a discontinued operation when the operations and cash flows of the store have been or will be eliminated from ongoing operations, the Company no longer has any significant continuing involvement in the operations associated with the store after closure and the results are material to the Company's consolidated financial position, results of operations or cash flows. In determining whether the cash flows have been or will be eliminated from operations, the Company considers the proximity of the closed store to any remaining open stores in the geographic area to evaluate whether the Company will retain the closed store's customers at another store in the same market. Unless considered immaterial, if the Company determines that it has exited the market, then the closed store will be classified as a discontinued operation. No closed stores were classified as discontinued operations in 2011, 2010 and 2009. In 2009, certain expenses related to the 2007 sale of Logan's Roadhouse, Inc. were reported in discontinued operations.

Net income per share – Basic consolidated net income per share is computed by dividing consolidated net income to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted consolidated net income per share reflects the potential dilution that could occur if securities, options or other contracts to issue common stock were exercised or converted into common stock and is based upon the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares related to stock options and nonvested stock and stock awards issued by the Company are calculated using the treasury stock method. Outstanding employee and director stock options and nonvested stock and stock awards issued by the Company represent the only dilutive effects on diluted consolidated net income per share. See Note 15.

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

Reclassifications

The Company has reclassified certain prior period amounts in its Consolidated Statements of Income in order to conform to the current period presentation in which impairment and store dispositions are not included in store operating income. The Company made this change in the third quarter of 2011. The Company believes that the current period presentation of store operating income more appropriately reflects the results of its ongoing store operations. These reclassifications had no effect on operating income or net income.

The following table presents the effect of these reclassifications on store operating income at:

	2010	2009
Store operating income as previously reported	$ 310,550	$ 262,438
Impairment and store dispositions, net	2,800	2,088
Store operating income as currently reported	$ 313,350	$ 264,526

The following table presents the effect of these reclassifications on store operating income for the quarters ended October 29, 2010 ("1st Quarter 2011") and January 28, 2011 ("2nd Quarter 2011"):

	1st Quarter 2011	2nd Quarter 2011
Store operating income as previously reported	$ 82,292	$ 85,540
Impairment and store dispositions, net	83	1
Store operating income as currently reported	$ 82,375	$ 85,541

Recent Accounting Pronouncements Not Yet Adopted

Fair Value Measurement and Disclosure Requirements

In May 2011, the Financial Accounting Standards Board ("FASB") issued amended accounting guidance which provides additional guidance on how to determine fair value under existing standards and expands existing disclosure requirements on a prospective basis. The guidance is effective for fiscal years and interim periods beginning after December 15, 2011. The Company does not expect that the adoption of this accounting guidance in the third quarter of 2012 will have a significant impact on its Consolidated Financial Statements.

Presentation of Comprehensive Income

In June 2011, the FASB issued amended accounting guidance which requires companies to present total comprehensive income and its components and the components of net income in either a single continuous statement of comprehensive income or in two consecutive statements reporting net income and comprehensive income. This requirement eliminates the option to present components of comprehensive income as part of the statement of changes in shareholders' equity. This guidance affects only the presentation of comprehensive income and does not change the components of comprehensive income. This guidance is effective for fiscal years beginning after December 15, 2011 on a retrospective basis. The Company does not expect that the adoption of this accounting guidance in the first quarter of 2013 will have a significant impact on its Consolidated Financial Statements.

3. Fair Value Measurements

The Company's assets and liabilities measured at fair value on a recurring basis at July 29, 2011 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of July 29, 2011
Cash equivalents*	$ 29,548	$ --	$ --	$ 29,548
Deferred compensation plan assets**	29,665	--	--	29,665
Total assets at fair value	$ 59,213	$ --	$ --	$ 59,213
Interest rate swap liability (see Note 6)	$ --	$ 51,604	$ --	$ 51,604
Total liabilities at fair value	$ --	$ 51,604	$ --	$ 51,604

The Company’s assets and liabilities measured at fair value on a recurring basis at July 30, 2010 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of July 30, 2010
Cash equivalents*	$ 35,250	$ --	$ --	$ 35,250
Deferred compensation plan assets**	25,935	--	--	25,935
Total assets at fair value	$ 61,185	$ --	$ --	$ 61,185
Interest rate swap liability (see Note 6)	$ --	$ 66,281	$ --	$ 66,281
Total liabilities at fair value	$ --	$ 66,281	$ --	$ 66,281

*Consists of money market fund investments.
**Represents plan assets invested in mutual funds established under a Rabbi Trust for the Company’s non-qualified savings plan and is included in the Consolidated Balance Sheets as other assets (see Note 12).

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

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During 2011, the Company recorded an impairment charge of $1,044 on office space which it expects to sell within one year. The fair value of the office space was determined to be $1,000 based upon market comparables, which are considered Level 2 inputs. Additionally, during 2011, one leased store was determined to be impaired. Fair value of the leased store was determined by using a cash flow model. Assumptions used in the cash flow model included projected annual revenue growth rates and projected cash flows, which can be affected by economic conditions and management’s expectations. The Company has determined that the majority of the inputs used to value its long-lived assets held and used are unobservable inputs, and thus, are considered Level 3 inputs. Based on its analysis, the Company reduced the leased store’s carrying value to zero, resulting in an impairment charge of $2,175.

During 2010, one leased store was also determined to be impaired using the same methodology and Level 3 inputs as described above. Based on its analysis, the Company reduced the leased store’s carrying value to zero, resulting in an impairment charge of $2,263. Additionally, during 2010, the Company closed one owned store and recorded an impairment charge of $409 for the amount that the store’s carrying value exceeded its fair value of $270. Fair value was determined based upon market comparables, which as discussed above are considered Level 2 inputs. This closed store was sold in 2011. See Note 9 for further information on the impairment of these long-lived assets.

4. Inventories

Inventories were comprised of the following at:

	July 29, 2011	July 30, 2010
Retail	$ 108,829	$ 113,674
Restaurant	19,200	17,586
Supplies	13,518	12,819
Total	$ 141,547	$ 144,079

5. Debt

Long-term debt consisted of the following at:

	July 29, 2011	July 30, 2010
2011 Revolving credit facility expiring on July 8, 2016	$ 318,750	$ --
Term loan payable on or before July 8, 2016	231,250	--
Term loans payable on or before April 27, 2013	--	347,559
Term loans payable on or before April 27, 2016	--	232,585
Note payable	246	346
	550,246	580,490
Current maturities	(103)	(6,746)
Long-term debt	$ 550,143	$ 573,744

The aggregate maturities of long-term debt subsequent to July 29, 2011 are as follows:

Year	
2012	$ 103
2013	18,857
2014	25,036
2015	25,000
2016	481,250
Total	$ 550,246

Credit Facility

On July 9, 2011, the Company entered into a five-year $750,000 credit facility (the “2011 Credit Facility”) consisting of a $250,000 term loan (aggregate outstanding at July 29, 2011 was $231,250) and a $500,000 revolving credit facility (“the 2011 Revolving Credit Facility). The 2011 Credit Facility replaced terms loans totaling $575,000 and a $165,000 revolving credit facility (“Prior Credit Facility”). Loan acquisition costs associated with the 2011 Credit Facility were capitalized in the amount of $5,125 and will be amortized over the five-year term of the 2011 Credit Facility. Loan acquisition costs of $3,860 associated with the Prior Credit Facility were written off in 2011 and are recorded in interest expense in the Consolidated Statement of Income.

At July 29, 2011, the Company had $318,750 outstanding borrowings under the 2011 Revolving Credit Facility. At July 30, 2010, the Company did not have any outstanding borrowings under the then existing revolving credit facility. At July 29, 2011, the Company had $29,981 of standby letters of credit, which reduce the Company’s availability under the 2011 Revolving Credit Facility (see Note 16). At July 29, 2011, the Company had $151,269 in borrowing availability under the 2011 Revolving Credit Facility.

In accordance with the 2011 Credit Facility and the Prior Credit Facility, outstanding borrowings bear interest, at the Company’s election, either at LIBOR or prime plus a percentage point spread based on certain specified financial ratios. As of July 29, 2011 and July 30, 2010, the Company’s outstanding borrowings were swapped at weighted average interest rates of 7.57% and 7.47%, respectively (see Notes 2 and 6 for information on the Company’s interest rate swaps). As of July 30, 2010, the weighted average interest rate on the remaining $5,144 of the Company’s term loans was 2.23%.

Similar to the Prior Credit Facility, the 2011 Credit Facility contains customary financial covenants, which are specified in the agreement and include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. At July 29, 2011 and July 30, 2010, the Company was in compliance with all debt covenants.

The 2011 Credit Facility also imposes restrictions on the amount of dividends the Company is able to pay. If there is no default then existing and the total of our availability under the 2011 Revolving Credit Facility plus the Company’s cash and cash equivalents on hand is at least $100,000, 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 2011 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 per share or 10% of the amount of the dividend paid in the prior fiscal quarter.

Note Payable

The note payable consists of a five-year note with a vendor with an 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%.

6. Derivative Instruments and Hedging Activities

The estimated fair values of the Company’s derivative instrument were as follows:

	Balance Sheet Location	July 29, 2011	July 30, 2010
Interest rate swap (See Note 3)	Interest rate swap liability	$ 51,604	$ 66,281

The estimated fair value of the Company’s interest rate swap liability incorporates the Company’s non-performance risk. The adjustment related to the Company’s non-performance risk at July 29, 2011 and July 30, 2010 resulted in reductions of $1,546 and $3,915, respectively, in the fair value of the interest rate swap liability. The offset to the interest rate swap liability is recorded in accumulated other comprehensive loss (“AOCL”), net of the deferred tax asset, and will be reclassified into earnings over the term of the underlying debt. As of July 29, 2011, the estimated pre-tax portion of AOCL that is expected to be reclassified into earnings over the next twelve months is $28,275. Cash flows related to the interest rate swap are included in interest expense and in operating activities.

The following table summarizes the pre-tax effects of the Company’s derivative instrument on AOCL at:

	Amount of Income (Loss) Recognized in AOCL on Derivative (Effective Portion)		
	2011	2010	2009
Cash flow hedges:			
Interest rate swaps	$ 14,677	$ (5,049)	$ (21,614)

The following table summarizes the pre-tax effects of the Company’s derivative instrument on income at:

	Location of Loss Reclassified from AOCL into Income (Effective Portion)	Amount of Loss Reclassified from AOCL into Income (Effective Portion)		
		2011	2010	2009
Cash flow hedges:				
Interest rate swaps	Interest expense	$ 30,355	$ 30,722	$ 19,469

Any portion of the fair value of the swaps determined to be ineffective will be recognized currently in earnings. No ineffectiveness has been recorded in 2011, 2010 and 2009.

7. Share Repurchases

In 2011 and 2010, the Company was authorized to repurchase shares to offset share dilution that results from the issuance of shares under its equity compensation plans. In 2011, the Company repurchased 676,600 shares of its common stock in the open market at an aggregate cost of $33,563. In 2010, the Company repurchased 1,352,000 shares of its common stock in the open market at an aggregate cost of $62,487. In 2012, the Company has been authorized to repurchase shares up to a maximum aggregate cost of $65,000.

8. Segment Information

Cracker Barrel stores represent a single, integrated operation with two related and substantially integrated product lines. The operating expenses of the restaurant and retail product lines of a Cracker Barrel store are shared and are indistinguishable in many respects. Accordingly, the Company manages its business on the basis of one reportable operating segment. All of the Company’s operations are located within the United States.

Total revenue was comprised of the following at:

		2011		2010		2009
Restaurant	$	1,934,049	$	1,911,664	$	1,875,688
Retail		500,386		492,851		491,597
Total revenue	$	2,434,435	$	2,404,515	$	2,367,285

9. Impairment and Store Dispositions, Net

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

		2011		2010		2009
Impairment	$	3,219	$	2,672	$	2,088
Gains on disposition of stores		(4,109)		--		--
Store closing costs		265		128		--
Total	$	(625)	$	2,800	$	2,088

During 2011, as part of the Company’s cost reduction and organization streamlining initiative (see Note 13), the Company recorded an impairment charge of $1,044 for office space that is expected to be sold within one year. Additionally, during 2011, the Company determined that one leased store was impaired, resulting in an impairment charge of $2,175. During 2010, the Company also determined that one leased store was impaired, resulting in an impairment charge of $2,263. Each of these leased stores was impaired because of declining operating performance and resulting negative cash flow projections. Additionally, during 2010, the Company closed one store, which resulted in an impairment charge of $409. The decision to close this store was because of its age, expected future capital expenditure requirements and declining operating performance. The Company also incurred store closing costs of $84 and $128, respectively, in 2011 and 2010 related to this closed store. The store closing costs included employee termination benefits and other costs. See Note 3 for information related to the determination of the fair value for these stores and office space.

During 2009, one owned store was determined to be impaired, resulting in charges of $933. This store was impaired because of lower cash flow projections. Additionally, during 2009, the Company recorded a total impairment of $1,155 on office space, property adjacent to the office space and the Company’s management trainee housing facility. The decision to impair these properties resulted from changes in the Company’s planned use of these properties.

During 2011, the Company’s gain on disposition of stores included gains resulting from the sale of two closed stores and a condemnation award resulting from an eminent domain proceeding. The Company received net proceeds of $1,054 from the sale of the two closed stores, which resulted in a gain of $485. The condemnation award consisted of net proceeds of $6,576, which resulted in a gain of $3,624. In 2011, the Company closed the store on which the condemnation award was received and incurred store closing costs of $181, which included employee termination benefits and other costs.

10. Leases

As of July 29, 2011, the Company operated 199 stores in leased facilities and also leased certain land and advertising billboards.

Rent expense under operating leases, excluding leases for advertising billboards and including the sale-leaseback transactions discussed below, for each of the three years was:

Year		Minimum		Contingent		Total
2011	$	39,391	$	179	$	39,570
2010		39,793		519		40,312
2009		33,929		535		34,464

The following is a schedule by year of the future minimum rental payments required under operating leases, excluding leases for advertising billboards and including the sale-leaseback transactions discussed below, as of July 29, 2011:

Year		
2012	$	37,312
2013		37,692
2014		38,126
2015		38,144
2016		38,286
Later years		563,369
Total	$	752,929

Rent expense under operating leases for billboards was $26,487, $25,558 and $25,950 for 2011, 2010 and 2009, respectively. The following is a schedule by year of the future minimum rental payments required under operating leases for advertising billboards as of July 29, 2011:

Year		
2012	$	18,372
2013		9,314
2014		3,310
Total	$	30,996

Sale-Leaseback Transactions

In the fourth quarter of 2009, the Company completed sale-leaseback transactions involving 15 of its owned stores and its retail distribution center. Under the transactions, the land, buildings and improvements at the locations were sold and leased back for terms of 20 and 15 years, respectively. Equipment was not included. The leases include specified renewal options for up to 20 additional years.

The Company leases 65 of its stores pursuant to a sale-leaseback transaction which closed in 2000. Under the transaction, the land, buildings and building improvements at the locations were sold and leased back for a term of 21 years. The leases for these stores include specified renewal options for up to 20 additional years and have certain financial covenants related to fixed charge coverage for the leased stores. At July 29, 2011 and July 30, 2010, the Company was in compliance with all those covenants.

11. Share-Based Compensation and Shareholder Rights Plan

Stock Compensation Plan

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

2010 Omnibus Plan

On December 1, 2010, the Company's shareholders approved the 2010 Omnibus Incentive Compensation Plan (the "2010 Omnibus Plan") which became effective on that date. The 2010 Omnibus Plan authorizes the following types of awards to all eligible participants: stock options, stock appreciation rights, nonvested stock, restricted stock units, other share-based awards and performance awards. After the effective date of the 2010 Omnibus Plan, no awards may be granted under any prior equity compensation plans ("Prior Plans") discussed below. The 2010 Omnibus Plan allows the Committee to grant awards for an aggregate of 1,500,000 shares of the Company's common stock. However, this share reserve is increased by shares awarded under this and Prior Plans which are forfeited, expired, settled for cash (in whole or in part) and shares withheld by the Company in payment of a tax withholding obligation. Additionally, this share reserve is decreased by shares granted from Prior Plans after July 30, 2010 until December 1, 2010. At July 29, 2011, there were outstanding awards for 133,259 shares under this plan and 1,420,843 shares of the Company's common stock reserved for future issuance under this plan.

Performance-Based Stock Units

On September 23, 2010, the Company granted stock options to certain executives that were subject to defeasance in the event that the 2010 Omnibus Plan was approved by the shareholders at the Company's Annual Shareholder meeting held on December 1, 2010. Pursuant to the approval of the 2010 Omnibus Plan, the stock options were defeased and replaced with grants of PBSUs. Subject to each respective executive's continued employment, the PBSUs will vest at the end of the performance period, which consists of the Company's 2011, 2012 and 2013 years. The stock option awards would have vested at a cumulative rate of 33% per year beginning on the first anniversary of the grant date. The defeasance of the stock options and the replacement grant of the PBSUs were accounted for as a modification and resulted in incremental compensation expense of $1,221.

The target number of shares that will be earned by and awarded to the seven executives in the event that there is no change in total shareholder return is 62,300. The maximum number of shares that may be awarded to the executives is 150% of the target number of shares, or 93,450 shares. At July 29, 2011, based upon the change in total shareholder return of 101.75%, 15,847 shares have been earned. As of July 29, 2011, there was $2,486 of total unrecognized compensation expense related to the PBSUs that is expected to be recognized over a weighted-average period of 2.01 years.

Long-Term Performance Plans

The Company's long-term performance plans were established by the Committee for the purpose of rewarding certain officers with shares of the Company's common stock if the Company achieved certain performance targets. The FY2010 Long-Term Performance Plan ("2010 LTPP") stock award was calculated during 2010 based on achievement of qualified financial performance measures and vests on August 3, 2012. Additionally, cash dividends on the 2010 LTPP nonvested stock earned will accrue from July 31, 2010 and will be payable on August 6, 2012; however, the dividends will be forfeited for any 2010 LTPP stock awards that do not vest. The FY2011 Long-Term Performance Plan ("2011 LTPP") stock award will be determined based on achievement of qualified financial performance measures during 2011 and 2012 and vests on August 3, 2012. At July 29, 2011, based upon performance during 2011, 91,700 shares have been earned under the 2011 LTPP.

Prior Plans

Stock options granted under the Cracker Barrel Old Country Store, Inc. 1989 Stock Option Plan for Non-employee Directors ("Directors Plan") expire one year from the retirement of the director from the Board of Directors. At July 29, 2011, there were outstanding awards for 49,734 shares under the Directors Plan. Stock options granted under the 2000 Non-Executive Stock Option Plan ("Employee Plan"), the Amended and Restated Stock Option Plan (the "A&R Plan") and the 2002 Omnibus Incentive Compensation Plan ("2002 Omnibus Plan") expire ten years from the date of grant. At July 29, 2011, there were outstanding awards for 109,373, 543,794, and 690,916 shares, respectively, under the Employee Plan, the A&R Plan and the 2002 Omnibus Plan.

Other Share-Based Awards

In 2009, the Company awarded options for the purchase of 25,000 shares of the Company's common stock and a nonvested grant of 25,000 shares of the Company's common stock to an executive. The stock options and 16,666 of the shares subject to the nonvested stock grant vest over three years and 8,334 of the shares subject to the nonvested stock grant vest over a two-year period. At July 29, 2011, 8,334 shares of the nonvested grant had fully vested and were no longer subject to restriction, and options to purchase 16,667 of the 25,000 shares subject to options had vested and become exercisable; however, none of the 16,667 shares subject to the vested portion of the options had yet been exercised. The stock options and nonvested stock grants were made as "inducement grants" outside of the Company's plans under NASDAQ rules that allow such awards without shareholder approval.

Stock Options

A summary of the Company's stock option activity as of July 29, 2011, and changes during 2011 is presented in the following table:

(Shares in thousands)

Fixed Options	Shares		Weighted-Average Price	Weighted-Average Remaining Contractual Term		Aggregate Intrinsic Value
Outstanding at July 30, 2010	1,805	$	33.68			
Granted	159		50.02			
Exercised	(656)		35.29			
Forfeited	--		--			
Canceled	(184)		46.23			
Outstanding at July 29, 2011	1,124	$	33.01	5.43	$	13,604
Exercisable	860	$	34.07	4.71	$	9,487

The weighted-average grant-date fair values of options granted during 2011, 2010 and 2009 were $16.81, $12.03 and $9.33, respectively. The intrinsic value for stock options is defined as the difference between the current market value and the grant price. The total intrinsic values of options exercised during 2011, 2010 and 2009 were $11,713, $21,602 and $3,725, respectively. As of July 29, 2011, there was $1,292 of total unrecognized compensation expense related to stock options that is expected to be recognized over a weighted-average period of 1.00 year.

Nonvested Stock

A summary of the Company's nonvested stock activity as of July 29, 2011, and changes during 2011 is presented in the following table:

(Shares in thousands)

Nonvested Stock	Shares		Weighted-Average Grant Date Fair Value
Unvested at July 30, 2010	491	$	34.89
Granted	35		49.78
Vested	(182)		24.12
Forfeited	(7)		45.55
Unvested at July 29, 2011	337	$	42.03

The total fair value of nonvested stock that vested during 2011, 2010 and 2009 was $4,393, $2,667 and $3,829, respectively. As of July 29, 2011, there was $2,747 of total unrecognized compensation expense related to nonvested stock that is expected to be recognized over a weighted-average period of 1.55 years.

Compensation Expense

Compensation expense for share-based payment arrangements was $2,155, $3,194 and $3,680, respectively, for stock options in 2011, 2010 and 2009. Compensation expense for nonvested was $6,652, $9,999 and $3,266, respectively, in 2011, 2010 and 2009. Compensation expense for PBSUs was $989 in 2011. The total income tax benefit recognized in the Consolidated Statements of Income for 2011, 2010 and 2009 for share-based compensation arrangements was $2,576, $3,470 and $937, respectively.

During 2011, cash received from the exercise of share-based compensation awards and the corresponding issuance of 784,793 shares was $20,540. The excess tax benefit realized upon exercise of share-based compensation awards was $4,108.

Shareholder Rights Plan

On September 22, 2011, the Company’s Board of Directors adopted a shareholder rights plan, as set forth in the Rights Agreement dated as of September 22, 2011 (the “Rights Agreement”), by and between the Company and American Stock Transfer & Trust Company, LLC, as rights agent. Pursuant to the terms of the Rights Agreement, the Board of Directors declared a dividend of one preferred share purchase right (a “Right”) for each outstanding share of common stock, par value $.01 per share. The dividend is payable on October 3, 2011 to the shareholders of record as of the close of business on October 3, 2011.

The Rights initially trade with, and are inseparable from, the Company’s common stock. The Rights are evidenced only by the balances indicated in the book-entry account system of the transfer agent for the Company’s common stock or, in the case of certificated shares, the certificates that represent such shares of common stock. New Rights will accompany any new shares of common stock the Company issues after October 3, 2011 until the earlier of the Distribution Date, redemption of the Rights by the Board of Directors or the final expiration date of the Rights Agreement, each as described below.

Each Right will allow its holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock (“Preferred Share”) for $200.00, once the Rights become exercisable. This portion of a Preferred Share will give the shareholder approximately the same dividend, voting, and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

Based on the terms of the Rights Agreement, the Rights will not be exercisable until 10 days after the public announcement that a person or group has become an “Acquiring Person” by obtaining beneficial ownership of 10% or more of the Company’s outstanding common stock (the “Distribution Date”).

The Rights would also not interfere with all-cash, fully financed tender offers for all shares of common stock that remain open for a minimum of 60 business days, are subject to a minimum condition of a majority of the outstanding shares and provide for a 20 business day “subsequent offering period” after consummation (such offers are referred to as “qualifying offers”). In the event the Company receives a qualifying offer and the Board of Directors has not redeemed the Rights prior to the consummation of such offer, the consummation of the qualifying offer shall not cause the offeror or its affiliates or associates to become an Acquiring Person, and the Rights will immediately expire upon consummation of the qualifying offer.

The Board of Directors may redeem the Rights for $0.01 per Right at any time before any person or group becomes an Acquiring Person. If the Board of Directors redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of Rights will be to receive the redemption price of $0.01 per Right. The redemption price will be adjusted if the Company has a stock split or stock dividends of its common stock.

Until the Distribution Date, the balances in the book-entry accounting system of the transfer agent for the Company’s common stock or, in the case of certificated shares, common stock certificates, will evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After the Distribution Date, the Rights will separate from the common stock and will be evidenced solely by Rights certificates that the Company will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person or any associate or affiliate thereof will be void and may not be exercised.

After the Distribution Date, each Right will generally entitle the holder, except the Acquiring Person or any associate or affiliate thereof, to acquire, for the exercise price of $200.00 per Right (subject to adjustment as provided in the Rights Agreement), shares of the Company's common stock (or, in certain circumstances, Preferred Shares) having a market value equal to twice the Right's then-current exercise price. In addition, if, the Company is later acquired in a merger or similar transaction after the Distribution Date, each Right will generally entitle the holder, except the Acquiring Person or any associate or affiliate thereof, to acquire, for the exercise price of $200.00 per Right (subject to adjustment as provided in the Rights Agreement), shares of the acquiring corporation having a market value equal to twice the Right's then-current exercise price.

Each one one-hundredth of a Preferred Share, if issued:

- will not be redeemable.
- will entitle holders to quarterly dividend payments of $0.01 per share, or an amount equal to the dividend paid on one share of common stock, whichever is greater.
- will entitle holders upon liquidation either to receive $1 per share or an amount equal to the payment made on one share of common stock, whichever is greater.
- will have the same voting power as one share of common stock.
- if shares of the Company’s common stock are exchanged via merger, consolidation, or a similar transaction, will entitle holders to a per share payment equal to the payment made on one share of common stock.

The value of one one-hundredth of a Preferred Share will generally approximate the value of one share of common stock.

The Rights will expire on September 22, 2014, but would expire immediately following the 2011 annual shareholders’ meeting if the rights plan is not approved by shareholders.

After a person or group becomes an Acquiring Person, but before an Acquiring Person owns 50% or more of the Company’s outstanding common stock, the Board of Directors may extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person.

The Board of Directors may adjust the purchase price of the Preferred Shares, the number of Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, a reclassification of the Preferred Shares or common stock.

The terms of the Rights Agreement may be amended by the Board of Directors without the consent of the holders of the Rights. After a person or group becomes an Acquiring Person, the Board of Directors may not amend the agreement in a way that adversely affects holders of the Rights.

12. Employee Savings Plans

The Company sponsors a qualified defined contribution retirement plan (“Plan I”) covering salaried and hourly employees who have completed ninety days of service and have attained the age of twenty-one. Plan I allows eligible employees to defer receipt of up to 16% of their compensation, as defined in the plan. The Company also sponsors a non-qualified defined contribution retirement plan (“Plan II”) covering highly compensated employees, as defined in the plan. Plan II allows eligible employees to defer receipt of up to 50% of their base compensation and 100% of their eligible bonuses, as defined in the plan. Contributions under both Plan I and Plan II may be invested in various investment funds at the employee’s discretion. Such contributions, including the Company matching contribution described below, may not be invested in the Company’s common stock. In 2011, 2010 and 2009, the Company matched 25% of employee contributions for each participant in either Plan I or Plan II up to a total of 6% of the employee’s compensation. Employee contributions vest immediately while Company contributions vest 20% annually beginning on the participant’s first anniversary of employment and are vested 100% on the participant’s fifth anniversary of employment. In 2011, 2010 and 2009, the Company contributed approximately $1,986, $2,023 and $2,052, respectively, under Plan I and approximately $388, $316 and $285, respectively, under Plan II. At the inception of Plan II, the Company established a Rabbi Trust to fund Plan II obligations. The market value of the trust assets for Plan II of $29,665 is included in other assets and the liability to Plan II participants of $29,665 is included in other long-term obligations in the Consolidated Balance Sheets. Company contributions under Plan I and Plan II are recorded as either labor and other related expenses or general and administrative expenses in the Consolidated Statements of Income.

13. Restructuring

In July 2011, as part of its cost reduction and organization streamlining initiative, the Company eliminated approximately 60 management and staff positions. Most of the employees affected worked in the Company's headquarters in Lebanon, Tennessee, and the restructuring did not affect any store positions. As a result, in the fourth quarter of 2011, the Company incurred severance charges of $1,768, which are recorded in general and administrative expenses. The total amount of the severance charges that were paid as of July 29, 2011, was $189; the remaining accrual amount of $1,579 is recorded in accrued employee compensation in the Consolidated Balance Sheet as of July 29, 2011.

14. Income Taxes

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

	July 29, 2011	July 30, 2010
Deferred tax assets:		
Financial accruals without economic performance	$ 56,954	$ 60,687
Other	15,068	9,821
Deferred tax assets	$ 72,022	$ 70,508
Deferred tax liabilities		
Excess tax depreciation over book	$ 90,361	$ 79,503
Other	28,033	25,719
Deferred tax liabilities	118,394	105,222
Net deferred tax liability	$ 46,372	$ 34,714

The Company provided no valuation allowance against deferred tax assets recorded as of July 29, 2011 and July 30, 2010, as the "more-likely-than-not" valuation method determined all deferred assets to be fully realizable in future taxable periods.

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

	2011	2010	2009
Current:			
Federal	$ 17,231	$ 29,114	$ 20,307
State	5,577	(88)	3,320
Deferred:			
Federal	9,019	336	(1,157)
State	(1,344)	1,089	1,635
Total income tax provision	$ 30,483	$ 30,451	$ 24,105

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

	2011	2010	2009
Provision computed at federal statutory income tax rate	$ 40,492	$ 40,498	$ 31,521
State and local income taxes, net of federal benefit	3,050	495	1,697
Employer tax credits for FICA taxes paid on employee tip income	(8,351)	(8,062)	(6,383)
Other employer tax credits	(5,098)	(3,769)	(3,740)
Other-net	390	1,289	1,010
Total income tax provision	$ 30,483	$ 30,451	$ 24,105

As of July 29, 2011 and July 30, 2010, the Company's liability for uncertain tax positions was $19,547 ($13,223, net of related federal tax benefits of $6,324) and $17,467 ($11,791, net of related federal tax benefits of $5,676), respectively. At July 29, 2011, July 30, 2010 and July 31, 2009, the amount of uncertain tax positions that, if recognized, would affect the effective tax rate is $13,223, $11,791 and $17,364, respectively.

Summarized below is a tabular reconciliation of the beginning and ending balance of the Company's total gross liability for uncertain tax positions exclusive of interest and penalties:

	July 29, 2011	July 30, 2010	July 31, 2009
Balance at beginning of year	$ 12,965	$ 21,956	$ 22,879
Tax positions related to the current year:			
Additions	2,616	2,195	3,168
Reductions	--	--	--
Tax positions related to prior years:			
Additions	987	44	90
Reductions	(24)	(4,458)	(2,146)
Settlements	--	(4,980)	(127)
Expiration of statute of limitations	(2,377)	(1,792)	(1,908)
Balance at end of year	$ 14,167	$ 12,965	$ 21,956

At July 29, 2011, July 30, 2010 and July 31, 2009, the Company recognized approximately $651, $271 and $302, respectively, in interest and penalties related to uncertain tax positions in its provision for income taxes. At July 29, 2011, and July 30, 2010, the Company's liability for uncertain tax positions included $4,014 and $3,363, respectively, net of tax for potential interest and penalties.

In many cases, the Company's uncertain tax positions are related to tax years that remain subject to examination by the relevant taxing authorities. Based on the outcome of these examinations or as a result of the expiration of the statutes of limitations for specific taxing jurisdictions, the related uncertain tax positions taken regarding previously filed tax returns could decrease from those recorded as liabilities for uncertain tax positions in the Company's financial statements at July 29, 2011 by approximately $3,000 to $5,000 within the next twelve months. At July 29, 2011, the Company was subject to income tax examinations for its U.S. federal income taxes after 2007 and for state and local income taxes generally after 2007.

15. Net Income Per Share and Weighted Average Shares

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

	2011	2010	2009
Income from continuing operations per share numerator	$ 85,208	$ 85,258	$ 65,957
Loss from discontinued operations, net of tax, per share numerator	$ --	$ --	$ (31)
Net income per share numerator	$ 85,208	$ 85,258	$ 65,926
Income from continuing operations, loss from discontinued operations, net of tax, and net income per share denominator:			
Basic weighted average shares outstanding	22,998,200	23,007,856	22,458,971
Add potential dilution:			
Stock options and nonvested stock and stock awards	636,475	571,896	328,662
Diluted weighted average shares outstanding	23,634,675	23,579,752	22,787,633

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

Related to its insurance coverage, the Company is contingently liable pursuant to standby letters of credit as credit guarantees to certain insurers. As of July 29, 2011, the Company had $29,981 of standby letters of credit related to securing reserved claims under workers' compensation insurance. All standby letters of credit are renewable annually and reduce the Company's borrowing availability under its 2011 Revolving Credit facility (see Note 5).

The Company currently expects to receive proceeds from a lawsuit settlement occurring during the first quarter of 2012. The Company believes this settlement represents a gain contingency at July 29, 2011 and therefore believes the application of a gain contingency model is the appropriate model to use for the entire amount of expected proceeds. Therefore, at the time the payment is assured, the Company will record such gain contingency which is also currently expected to occur in the first quarter of 2012.

The Company is secondarily liable for lease payments under the terms of an operating lease that has been assigned to a third party. At July 29, 2011, the lease has a remaining life of approximately 2.2 years with annual lease payments of approximately $361 for a total guarantee of $781. The Company's performance is required only if the assignee fails to perform its obligations as lessee. At this time, the Company has no reason to believe that the assignee will not perform and, therefore, no provision has been made in the Consolidated Balance Sheets 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 July 29, 2011, the operating leases had remaining lives of 0.4 and 8.7 years with annual payments of approximately $94 and $108, respectively, for a total guarantee of $1,021. 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 Consolidated Balance Sheets 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, 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. At July 29, 2011, the Company believes that the probability of being required to make any indemnification payments to Logan's is remote, and therefore, no provision has been recorded in the Consolidated Balance Sheet. At July 30, 2010, the Company recorded a liability of $20 in the Consolidated Balance Sheet for these potential tax indemnifications.

17. Quarterly Financial Data (Unaudited)

Quarterly financial data for 2011 and 2010 are summarized as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2011				
Total revenue	$ 598,691	$ 640,277	$ 582,525	$ 612,942
Gross profit	418,938	420,887	402,751	419,388
Income before income taxes	33,702	40,642	19,586	21,761
Income from continuing operations	23,734	28,777	15,154	17,543
Net income	23,734	28,777	15,154	17,543
Income from continuing operations per share - basic	$ 1.04	$ 1.24	$ 0.66	$ 0.77
Net income per share – basic	$ 1.04	$ 1.24	$ 0.66	$ 0.77
Income from continuing operations per share – diluted	$ 1.01	$ 1.20	$ 0.64	$ 0.75
Net income per share – diluted	$ 1.01	$ 1.20	$ 0.64	$ 0.75
2010				
Total revenue	$ 581,183	$ 632,616	$ 578,233	$ 612,483
Gross profit	403,712	420,718	405,192	429,075
Income before income taxes	26,215	36,092	19,645	33,757
Income from continuing operations	18,024	25,393	14,428	27,413
Net income	18,024	25,393	14,428	27,413
Income from continuing operations per share - basic	$ 0.79	$ 1.11	$ 0.62	$ 1.18
Net income per share – basic	$ 0.79	$ 1.11	$ 0.62	$ 1.18
Income from continuing operations per share – diluted	$ 0.78	$ 1.09	$ 0.61	$ 1.14
Net income per share – diluted	$ 0.78	$ 1.09	$ 0.61	$ 1.14

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Our management, with the participation of our principal executive and financial officers, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that as of July 29, 2011, our disclosure controls and procedures were effective.

There have been no changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended July 29, 2011 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

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

Our control environment is the foundation for our system of internal control over financial reporting and is embodied in our Corporate Governance Guidelines, our Financial Code of Ethics, and our Code of Business Conduct and Ethics, all of which may be viewed on our website. They set the tone for our organization and include factors such as integrity and ethical values. Our internal control over financial reporting is supported by formal policies and procedures, which are reviewed, modified and improved as changes occur in business condition and operations. Neither our disclosure controls and procedures nor our internal controls, however, can or will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. We have concluded that our internal control over financial reporting was effective as of July 29, 2011, based on these criteria.

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

/s/ Sandra B. Cochran
Sandra B. Cochran
President and Chief Executive Officer

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Cracker Barrel Old Country Store, Inc.
Lebanon, Tennessee

We have audited the internal control over financial reporting of Cracker Barrel Old Country Store, Inc. and subsidiaries (the ”Company”) as of July 29, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 29, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended July 29, 2011, and our report dated September 27, 2011, expressed an unqualified opinion on those consolidated financial statements.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
September 27, 2011

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item with respect to directors of the Company is incorporated herein by this reference to the following sections of the 2011 Proxy Statement: “Board of Directors and Committees,” "Proposal 1: Election of Directors," “Section 16(a) Beneficial Ownership Reporting Compliance” and the question “Has the Board adopted a code of ethics for senior financial officers?” set forth in “Certain Relationships and Related Transactions.” The information required by this Item with respect to executive officers of the Company is set forth in Part I of this Annual Report on Form 10-K under the heading “Executive Officers of the Registrant.”

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by this reference to the following sections of the 2011 Proxy Statement: “Executive Compensation” and the question “How were directors compensated in 2011?” set forth in “Board of Directors and Committees.” The “Compensation Committee Report” set forth in “Executive Compensation” is deemed to be “furnished” and is not, and shall not be deemed to be, “filed” for purposes of Section 18 of the Exchange Act.

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

The information required by this Item is incorporated herein by this reference to the sections entitled "Stock Ownership of Certain Beneficial Owners and Management" and “Securities Authorized for Issuance Under Equity Compensation Plans” in the 2011 Proxy Statement.

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

The information required by this Item is incorporated herein by this reference to the sections entitled "Certain Relationships and Related Transactions” and “Who are our independent directors?” in the 2011 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated herein by this reference to the sections entitled “Fees Paid to Auditors” and “Audit Committee Report - What is the Audit Committee’s pre-approval policy and procedure with respect to audit and non-audit services provided by our auditors?” in the 2011 Proxy Statement. No other portion of the section of the 2011 Proxy Statement entitled “Audit Committee Report” is, nor shall it be deemed to be, incorporated by reference into this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

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

2. The exhibits listed in the accompanying Index to Exhibits immediately following the signature page to this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 27th day of September, 2011.

CRACKER BARREL OLD COUNTRY STORE, INC.

By: /s/Sandra B. Cochran
Sandra B. Cochran,
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities on this 27th day of September, 2011.

Name	**Title**
/s/Sandra B. Cochran Sandra B. Cochran	President, Chief Executive Officer and Director
/s/Lawrence E. Hyatt Lawrence E. Hyatt	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/s/P. Douglas Couvillion P. Douglas Couvillion	Vice President, Corporate Controller and Principal Accounting Officer
/s/Michael A. Woodhouse Michael A. Woodhouse	Executive Chairman and Director
/s/James W. Bradford James W. Bradford	Director
/s/Robert V. Dale Robert V. Dale	Director
/s/Richard J. Dobkin Richard J. Dobkin	Director
Robert C. Hilton	Director
/s/Charles E. Jones, Jr. Charles E. Jones, Jr.	Director
/s/B.F. Lowery B.F. Lowery	Director
/s/William W. McCarten William W. McCarten	Director
/s/Martha M. Mitchell Martha M. Mitchell	Director
/s/Coleman H. Peterson Coleman H. Peterson	Director
/s/Andrea M. Weiss Andrea M. Weiss	Director
/s/Jimmie D. White Jimmie D. White	Director

INDEX TO EXHIBITS

Exhibit	
3(I), 4(a)	Charter of Cracker Barrel Old Country Store, Inc. (1)
3(II), 4(b)	Articles of Amendment to Charter of Cracker Barrel Old Country Store, Inc (2)
3(III), 4(c)	Bylaws of Cracker Barrel Old Country Store, Inc. (as amended to date) (3)
4(d), 10(a)	Credit Agreement dated as of July 8, 2011, among Cracker Barrel Old Country Store, Inc., the Subsidiary Guarantors named therein, the Lenders party thereto, and Wells Fargo Bank, National Association as Administrative Agent and Collateral Agent (4)
4(e)	Rights Agreement, dated as of September 22, 2011, between Cracker Barrel Old Country Store, Inc. and American Stock Transfer & Trust Company, LLC, as rights agent (5)
10(b)	CBRL Group, Inc. 2000 Non-Executive Stock Option Plan† (6)
10(c)	The Company's 1989 Non-Employee Director's Stock Option Plan, as amended† (7)
10(d)	CBRL Group, Inc. Form of Restricted Stock Award Notice† (8)
10(e)	Form of Stock Option Award under the CBRL Group, Inc. 2002 Omnibus Incentive Compensation Plan† (9)
10(f)	Change-in-Control Agreement with N.B. Forrest Shoaf, dated May 12, 2005† (10)
10(g)	Change-in-Control Agreement for Edward A. Greene dated June 22, 2006† (11)
10(h)	Master Lease, dated July 21, 2000 between Country Stores Property I, LLC as Lessor, and Cracker Barrel Old Country Store, Inc., as Lessee, for lease of 21 Cracker Barrel Old Country Store® sites (12)
10(i)	Master Lease dated July 31, 2000 between Country Stores Property I, LLC as Lessor, and Cracker Barrel Old Country Store, Inc. as Lessee, for lease of 9 Cracker Barrel Old Country Store® sites*
10(j)	Master Lease dated July 31, 2000 between Country Stores Property II, LLC as Lessor, and Cracker Barrel Old Country Store, Inc. as Lessee, for lease of 23 Cracker Barrel Old Country Store® sites*
10(l)	Master Lease dated July 31, 2000 between Country Stores Property III, LLC as Lessor, and Cracker Barrel Old Country Store, Inc. as Lessee, for lease of 12 Cracker Barrel Old Country Store® sites*
10(l)	Change-in-Control Agreement with Douglas E. Barber, dated April 23, 2008† (13)
10(m)	Cracker Barrel Old Country Store, Inc. Amended and Restated Stock Option Plan (as amended to date) † (14)
10(n)	Cracker Barrel Old Country Store, Inc. Corporate Policy Severance Benefits Policy (as amended to date) † (15)
10(o)	Change-in-Control Agreement with Sandra B. Cochran, dated March 11, 2009, as amended September 12, 2011† (filed herewith)
10(p)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2010 Annual Bonus Plan† (16)
10(q)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2010 Long-Term Performance Plan† (17)

10(r)	Cracker Barrel Old Country Store, Inc. 2002 Omnibus Incentive Compensation Plan (as amended to date) † (18)
10(s)	Change-in-Control Agreement with Christopher A. Ciavarra, dated February 1, 2010**†
10(t)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2011 Annual Bonus Plan (19)
10(u)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2011 Long-Term Performance Plan† (20)
10(v)	Cracker Barrel Old Country Store, Inc. 2010 Omnibus Stock and Incentive Plan† (21)
10(w)	Cracker Barrel Old Country Store, Inc. Form of Performance-Based Stock Unit Award† (22)
10(x)	Form of Change-in-Control Agreement with Lawrence E. Hyatt, effective January 3, 2011† (23)
10(y)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2012 Annual Bonus Plan† (24)
10(z)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2012 Long-Term Performance Plan† (25)
10(aa)	The Company's Non-Qualified Savings Plan† (as amended to date) (filed herewith)
10(bb)	The Company's Deferred Compensation Plan† (filed herewith)
10(cc)	Amendment to Deferred Compensation Plan†(filed herewith)
10(dd)	Executive Employment Agreement with Sandra B. Cochran, dated as of September 12, 2011† (26)
10(ee)	Executive Employment Agreement with Michael A. Woodhouse, dated as of September 12, 2011† (27)
10(ff)	Consulting Agreement with Terry Maxwell, dated as of September 12, 2011† (filed herewith)
21	Subsidiaries of the Registrant (filed herewith)
23	Consent of Independent Registered Public Accounting Firm - Deloitte & Touche LLP (filed herewith)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (filed herewith)

(1) Incorporated by reference to Exhibit 3(i), 4.1 to the Company's Quarterly Report on Form 10-Q under the Securities Exchange Act of 1934 ("Exchange Act") for the quarterly period ended October 31, 2008.

(2) Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 8-A filed under the Exchange Act on September 23, 2011.

(3) Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on September 16, 2009.

(4) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on July 11, 2011

(5) Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed under the Exchange Act on September 23, 2011

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

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

(8) Incorporated by reference to Exhibit 10(j) to the Company's Annual Report on Form 10-K under the Exchange Act for fiscal year ended July 29, 2005.

(9) Incorporated by reference to Exhibit 10(l) to the Company's Annual Report on Form 10-K under the Exchange Act for fiscal year ended July 29, 2005.

(10) Incorporated by reference to Exhibit 10(o) to the Company's Annual Report on Form 10-K under the Exchange Act for fiscal year ended July 29, 2005.

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

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

(13) Incorporated by reference to Exhibit 10(o) to the Company's Annual Report on Form 10-K under the Exchange Act for the fiscal year ended August 1, 2008.

(14) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended January 30, 2009.

(15) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended May 1, 2009.

(16) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on September 16, 2009.

(17) Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended October 30, 2009.

(18) Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended January 29, 2010.

(19) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on August 3, 2010.

(20) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended October 29, 2010.

(21) Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed under the Exchange Act on December 7, 2010.

(22) Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed under the Exchange Act on December 7, 2010.

(23) Incorporated by reference to Exhibit 99.1 to the Company’s Current Report on Form 8-K filed under the Exchange Act on December 17, 2010.

(24) Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed under the Exchange Act on August 2, 2011.

(25) Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed under the Exchange Act on August 2, 2011.

(26) Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed under the Exchange Act on September 15, 2011.

(27) Incorporated by reference to Exhibit 10.2 to the Company’s Current report on Form 8-K filed under the Exchange Act on September 15, 2011.

*Document not filed because essentially identical in terms and conditions to Exhibit 10(h).
**Document not filed because essentially identical in terms and conditions to Exhibit 10(f).
†Denotes management contract or compensatory plan, contract or arrangement.

Exhibit 10(o)

AMENDMENT NO. 1 TO
RETENTION AGREEMENT

This **AMENDMENT NO. 1 TO RETENTION AGREEMENT** (the "Amendment"), dated as of September 12th, 2011, is by and between Cracker Barrel Old Country Store, Inc. (the "Company") and Sandra B. Cochran (the "Executive").

WHEREAS, the Company and the Executive entered into an Employee Retention Agreement dated March 11, 2009 (the "Retention Agreement"); and

WHEREAS, the Company and the Executive mutually desire to amend the Retention Agreement to accord with the Company's current policy regarding Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder.

NOW, THEREFORE, the Company and the Executive hereby mutually agree to amend the Agreement as follows:

1. Section 6.9 of the Retention Agreement shall be stricken in its entirety and the following inserted in its stead:

(a) Notwithstanding any other provision of this Agreement to the contrary, if any payments or benefits Executive would receive from the Company pursuant to this Agreement or otherwise (collectively, the "Payments") would, either separately or in the aggregate, (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Payments will be equal to the Reduced Amount (defined below). The "Reduced Amount" will be either (1) the entire amount of the Payments, or (2) an amount equal to the largest portion of the Payments that would result in no portion of any of the Payments (after reduction) being subject to the Excise Tax, whichever amount after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in the Executive's receipt, on an after-tax basis, of the greatest amount of the Payments. If a reduction in the Payments is to be made so that the amount of the Payments equals the Reduced Amount, the Payments will be paid only to the extent permitted under the Reduced Amount alternative; provided, that in the event the Reduced Amount is paid, the cash payments set forth in Section 3.1 shall be reduced as required by the operation of this Section 6.9 first.

(b) The Company shall engage the accounting firm engaged by the Company for general audit purposes at least 20 business days prior to the effective date of the Change in Control to perform any calculation necessary to determine the amount, if any, payable to Executive pursuant to Section 3, as limited by this Section 6.9. If the accounting firm so engaged by the Company is also serving as accountant or auditor for the individual, entity or group that will control the Company following the Change in Control, the Company may appoint a nationally recognized accounting firm other than the accounting firm engaged by the Company for general audit purposes to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.

(c) The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within 20 days after the date on which such accounting firm has been engaged to make such determinations or within such other time period as agreed to by the Company and Executive. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

(d) Notwithstanding the foregoing, in determining the reduction, if any, that shall occur as a result of this Section 6.9, the amounts payable or benefits to be provided to Executive shall be reduced such that the economic loss to Executive as a result of the Excise Tax elimination is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero.

IN WITNESS WHEREOF, the undersigned have executed this Amendment effective as of the date first stated above.

CRACKER BARREL OLD COUNTRY STORE, INC.

By: /s/N.B.F.Shoaf
Name: N.B.F. Shoaf
Title: SVP

EXECUTIVE

/s/Sandra B. Cochran
Sandra B. Cochran

Exhibit 10(aa)

CRACKER BARREL OLD COUNTRY STORE, INC.
NON-QUALIFIED SAVINGS PLAN

as amended and restated effective January 1, 2009

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CRACKER BARREL OLD COUNTRY STORE, INC.
NON-QUALIFIED SAVINGS PLAN

RECITALS

WHEREAS, effective January 1, 1996, Cracker Barrel Old Country Store, Inc. established the Cracker Barrel Old Country Store, Inc. Non-Qualified Savings Plan (the "NQSP"); and

WHEREAS, effective as of January 1, 2003, CBRL Group, Inc. assumed sponsorship of the NQSP and amended and restated the NQSP in its entirety as the CBRL Group, Inc. Non-Qualified Savings Plan (which collectively with the NQSP is referred to herein as the "Prior Plan"); and

WHEREAS, in order to comply with the requirements of the Code, as amended by the American Jobs Creation Act of 2004 (the "Act"), the Prior Plan was amended and restated with respect to the portion of each Participant's Account which is subject to the requirements of the Act as the CBRL Group, Inc. 2005 Non-Qualified Savings Plan (the "2005 Plan"), effective as of January 1, 2005;

WHEREAS, for the purpose of assuring continued compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the Final Treasury Regulations promulgated thereunder, and to reflect the change in sponsorship of the Plan from CBRL Group, Inc. to Cracker Barrel Old Country Store, Inc., it is necessary to amend and restate the 2005 Plan in its entirety as the Cracker Barrel Old Country Store, Inc. Non-Qualified Savings Plan (the "Plan");

NOW THEREFORE, effective as of the Effective Date (except where another effective date is indicated, specified or incorporated by reference herein), Cracker Barrel Old Country Store, Inc. hereby assumes the sponsorship of, and amends and restates the 2005 Plan in its entirety as the Cracker Barrel Old Country Store, Inc. Non-Qualified Savings Plan, as set forth herein or as hereafter amended.

The Plan shall provide as follows:

Section 1. **Operation of Plan and Definitions.** This Plan shall be deemed to have amended and restated the 2005 Plan and, commencing on the Effective Date, shall govern all amounts credited to a Participant's Account other than Prior Plan Deferrals. The terms of the Prior Plan shall remain in effect with respect to the portion of a Participant's Account consisting of Prior Plan Deferrals. For the purposes of this Plan, the following terms will have the meanings assigned in this Section, which will be equally applicable to the singular and plural forms of such terms, unless the context requires otherwise.

"Account" means the account maintained for a Participant under the Plan. A Participant's Account will consist of his or her Supplemental Savings Account and Supplemental Matching Account, plus investment earnings, if any, credited to those Accounts.

“Affiliate” means any Employer and any entity if such entity, with the Employer, constitutes (a) a controlled group of corporations (within the meaning of Section 414(b) of the Code), (b) a group of trades or businesses under common control (within the meaning of Section 414(c) of the Code), (c) an affiliated service group (within the meaning of Section 414(m) of the Code), or (d) a group of entities required to be aggregated with the Employer pursuant to Section 414(o) of the Code and the regulations thereunder.

“Beneficiary” means the person or entity to whom the Account of any deceased Participant is payable, as determined in accordance with Section 7.4 of the Plan .

“Board of Directors” means the board of directors of the Company.

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

“Code” means the Internal Revenue Code of 1986, as now or hereafter existing, amended, construed, interpreted, and applied by regulations, rulings or cases.

“Company” means Cracker Barrel Old Country Store, Inc., and any successor thereto.

“Compensation” means any form of compensation received by an Eligible Person from an Employer while the Eligible Person is a Participant, including basic salary or wages, bonuses, cash incentive plan payments, vacation, holiday and sick pay or, except as otherwise provided herein, any other direct current compensation which is required to be reported as income for purposes of federal income tax for the Plan Year, without giving effect to any reduction of compensation resulting from pre-tax saving contributions under the Qualified Plan or any other salary reduction arrangement pursuant to Section 125 of the Code. Compensation shall not include: any amount attributable to an Eligible Person winning a gift or contest sponsored by the Employer; Employer contributions to Social Security; "earned income credit" as reported on the Employer's payroll system; other contributions to, or distributions from, this or any other deferred compensation plan or program; severance pay; stock options; any and all long-term disability income payments, without regard to whether they are paid through the Employer’s payroll system; any and all state-sponsored short-term disability income payments, without regard to whether they are paid through the Employer’s payroll system; any and all amounts related to relocation expense reimbursement; deferred commission payments; any amounts paid to compensate an Eligible Person for taxes attributable to his living outside the United States for purposes of his service to the Employer; or the value of any other fringe benefits provided at the expense of the Employer, which shall include, but not be limited to, the following items as reported through the Employer's payroll system: excess life insurance; commuter car mileage; gift card fringe benefits; "Rocking Chair Compensation"; and payment of membership in athletic facilities. The Compensation taken into account for a Participant for a Plan Year will include compensation in excess of the limit under Section 401(a)(17) of the Code.

"Effective Date" means January 1, 2009.

"Election Date" shall mean, with respect to a Plan Year, the period during which an Eligible Person may file an Enrollment and Change Designation to defer the receipt of regular Compensation or Performance-Based Compensation for a Plan Year. With respect to the deferral of regular Compensation earned during a Plan Year, the Election Date is December 31 of the Plan Year preceding the Plan Year during which the services giving rise to such Compensation are performed, or such earlier date as specified by the Plan Administrator. With respect to the deferral of Performance-Based Compensation, the Election Date is the last day of the 6th month immediately preceding the end of the performance period for which the Performance-Based Compensation is payable, or such earlier date as specified by the Plan Administrator, provided that the Eligible Person performs services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date the election is made, and provided further that in no event may an Enrollment and Change Designation to defer the receipt of Performance-Based Compensation be filed after such Performance-Based Compensation has become readily ascertainable. Whether such Performance-Based Compensation has become readily ascertainable shall be determined in accordance with Section 1.409A-2(a)(8) of the Treasury Regulations. Notwithstanding the foregoing, for the first Plan Year in which an individual becomes an Eligible Person, the Election Date for the deferral of regular Compensation shall mean the 30th day after the individual first became an Eligible Person, provided such Eligible Person does not participate in another deferred compensation plan of the Employer which is required to be aggregated with the Plan pursuant to Section 1.409A-1(c)(2) of the Treasury Regulations. A Participant's initial election to defer regular Compensation shall apply only to regular Compensation otherwise payable after the date on which the Enrollment and Change Designation is filed.

"Eligible Person" means any person who is a member of a select group of management or highly compensated employees and who either is employed by the Employer in a category of employment designated by the Employer on Exhibit A as eligible for participation in the Plan.

"Employer" means the Company and any Affiliate which, with the consent of the Board of Directors, adopts this Plan and joins in the Trust Agreement.

"Enrollment and Change Designation" means an agreement, on a form or by a method prescribed by the Plan Administrator, between a Participant and his or her Employer providing for any of the following: (i) reduction of the Participant's Compensation and the crediting of Supplemental Savings Contributions by the Employer to the Participant's Supplemental Savings Account, (ii) in accordance with Section 7.1, the form of payment of the Participant's Account; or (iii) the designation of one or more Investment Funds with respect to the Participant's Accounts.

“ERISA” means the Employee Retirement Income Security Act of 1974, as now or hereafter existing, amended, construed, interpreted, and applied by regulations, rulings or cases.

“Investment Fund” means a fund managed by one or more investment managers, including a regulated investment company, or any other investments designated by the Company from time to time.

“Normal Retirement Date” means the first date on which a Participant’s age and Years of Vesting Service total 65 or more.

“Participant” means any Eligible Person who has been admitted to participation in the Plan by filing an Enrollment and Change Designation with the Plan Administrator, and who has not ceased participation in the Plan.

“Performance-Based Compensation” shall mean Compensation where (i) the payment of the Compensation or the amount of the Compensation is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, and (ii) the performance criteria are not substantially certain to be met at the time a deferral election is permitted. Performance-Based Compensation may include payments based upon subjective performance criteria, provided that (i) the subjective performance criteria are bona fide and relate to the performance of the Participant, a group of service providers that includes the Participant, or a business unit for which the Participant provides services (which may include the entire organization); and (ii) the determination that any subjective performance criteria have been met must not be made by the Participant or a family member of the Participant (as defined in §267(c)(4) of the Code, applied as if the family of an individual includes the spouse of any member of the family), or a person under the effective control of the Participant or a family member of the Participant, and no amount of the compensation of the person making the determination is effectively controlled in whole or in part by the Participant or a family member of the Participant. Performance-Based Compensation may also include payments based on performance criteria that are not approved by a compensation committee of the Board of Directors or by the stockholders of the Company. Notwithstanding the foregoing, Performance-Based Compensation does not include any amount or portion of any amount that will be paid either regardless of performance, or based upon a level of performance that is substantially certain to be met at the time the criteria is established, or that is based solely on the value of, or appreciation in value of, the Company or the stock of the Company.

“Plan” means the Cracker Barrel Old Country Store, Inc. Non-Qualified Savings Plan, as set forth herein and as the same may from time to time be amended.

“Plan Administrator” means the person, committee or other entity appointed by the Company to administer the Plan or, in the absence of such appointment, the Company.

“Plan Year” means the calendar year.

“Prior Plan” means the CBRL Group, Inc. Non-Qualified Savings Plan, as in effect immediately prior to January 1, 2005, and any predecessor plan.

“Prior Plan Deferrals” means the amount which, immediately prior to the Effective Date, was credited to the Participant’s Account and which on such date was not subject to forfeiture, and any investment earnings allocated to such amount since the Effective Date.

“Qualified Plan” means the Cracker Barrel Old Country Store, Inc. and Affiliates Employee Savings Plan, a profit sharing plan with a cash or deferred feature, as the same may from time to time be amended.

“Separation Date” means the date a person has a Separation from Service.

"Separation from Service" means a termination of the Participant's employment by the Employer, whether voluntarily or involuntarily, other than by reason of death or disability, as determined by the Plan Administrator in accordance with Section 1.409A-1(h) of the Treasury Regulations or any subsequent guidance. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Participant (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months). If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and his Employer shall be treated as continuing intact, provided that the period of such leave does not exceed six (6) months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds six (6) months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this subsection, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

Notwithstanding the foregoing provisions, if a Participant provides services for the Employer as both an employee and as a director, to the extent permitted by Section 1.409A-1(h)(5) of the Treasury Regulations, the services provided by such Participant as a director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an employee, and the services provided by such Participant as an employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a director.

“Specified Employee” means a Participant who, as of the date of the Participant's Separation Date, is a "key employee" (as defined below) of the Company. Provided, however, that no such Participant shall be considered to be a Specified Employee as of any date unless on such date the stock of the Company is publicly traded on an established securities market or otherwise.

A Participant is a key employee if the Participant meets the requirements of Section 416(i)(1)(A)(i), (ii), or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the 12-month period ending on a "specified employee identification date." If the Participant is a key employee as of a specified employee identification date, the Participant is treated as a key employee for the entire 12-month period beginning on the "specified employee effective date." The "specified employee identification date means December 31 of any calendar year and the "specified employee effective date" means April 1 of the calendar year following the year of the specified employee identification date.

"Supplemental Matching Account" means the portion of the Account of a Participant consisting of Supplemental Matching Contributions and adjusted for investment earnings or losses, if any, on those contributions, as provided under the Plan.

"Supplemental Matching Contribution" means the amount credited by the Employer under Section 3.2.

"Supplemental Savings Account" means the portion of the Account of a Participant consisting of Supplemental Savings Contributions and adjusted for investment earnings or losses, if any, on those contributions, as provided under the Plan.

"Supplemental Savings Contribution" means the amount credited by the Employer under Section 3.1 as a result of a Participant's election on an Enrollment and Change Designation to reduce his or her Compensation.

"Trust Agreement" means the trust agreement entered into between the Company and the Trustee in connection with this Plan, as the same presently exists and as it may from time to time hereafter be amended.

"Trustee" means the party or parties acting as such under the Trust Agreement.

"Trust Fund" means all of the assets held by the Trustee at any time under the Trust Agreement.

"Unforeseeable Emergency" means a severe financial hardship of the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's designated beneficiary, or a dependent (as defined in section 152(a) of the Code without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code) of the Participant, loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance), or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. An unforeseeable emergency will not include the need to send a Participant's child to college or the desire to purchase a home.

“Valuation Date” means the last day of each Plan Year and each other interim date on which the Plan Administrator directs the allocation of distributions, contributions and earnings on Participants’ Accounts.

“Year of Vesting Service” means a 12 month period of continuous service by the Company as an employee or an Eligible Person.

"2005 Plan" means the CBRL Group, Inc. 2005 Non-Qualified Savings Plan, as generally in effect during the period beginning on January 1, 2005 and ending on the Effective Date.

Section 2. **Participation.** An Eligible Person may become a Participant for a calendar year by filing with the Plan Administrator an Enrollment and Change Designation on or before the Election Date for that calendar year.

Section 3. **Contributions.**

3.1. ***Supplemental Savings Contributions.*** The Employer will credit a Participant’s Supplemental Savings Account with a Supplemental Savings Contribution on behalf of the Participant equal to the portion of the Participant’s Compensation (in increments of 1%, but not to exceed 50% (or 100% in the case of Performance-Based Compensation) designated in the Participant’s Enrollment and Change Designation. Before the Election Date for each Plan Year, each Participant will be entitled to submit or modify an Enrollment and Change Designation which will change the amount of Supplemental Savings Contributions that will be made to this Plan for the Plan Year. Participants may submit separate Enrollment and Change Designations for regular Compensation and Performance-Based Compensation.

3.2. ***Supplemental Matching Contributions.***

3.2.1. *Ordinary Supplemental Matching Contributions*. The Employer may credit the Participant’s Supplemental Matching Account with a Supplemental Matching Contribution equal to 25% of the Participant’s Supplemental Savings Contributions, but determined without regard to any Supplemental Savings Contribution which, when added to the Participant’s elective deferrals to the Qualified Plan, exceeds 6% of the Participant’s Compensation.

3.2.2. *Performance-Based Supplemental Matching Contributions.* The Employer may credit a Participant's Supplemental Matching Account with a Supplemental Matching Contribution equal to a percentage, as determined by the Employer, of the Participant's Supplemental Savings Contributions that are solely attributable to Performance-Based Compensation.

3.3. ***Crediting of Contributions.***

3.3.1. The Employer may establish a Trust Fund which shall consist of assets which the Employer may use to offset its liability for payments due to Participants under the Plan. The Trust Fund will, at all times, be subject to the claims of judgment creditors of the Employer and will otherwise be on such terms and conditions as will prevent taxation to Participants and Beneficiaries of any amounts held in the Trust Fund or credited to Participant’s Accounts prior to the time payments are made to them. The Trust Agreement shall prohibit the location of trust assets outside the United States or the transfer of trust assets outside the United States. Rights to payments will not be limited to assets held in the Trust Fund. The Plan constitutes a mere promise by the Employer to make benefit payments in the future. It is the intention of the Employer and the Participants that the Plan be unfunded for tax purposes and for purposes of Title I of ERISA.

3.3.2. In the event of a Change in Control, or at other times in its discretion, the Employer will contribute to the Trust Fund an amount equal to all Supplemental Savings Contributions and Supplemental Matching Contributions accrued by Participants. Such contribution shall be made within 60 days after the date of a Change in Control or, for amounts accrued after the date of the Change in Control, during or within a reasonable time after the end of the Plan Year in which the contribution is credited to the Participants' Account.

Section 4. Investment of Accounts.

4.1. ***Investment Direction.*** Each Participant will have the right to submit to the Company a request that investment returns on the Participant's Account be determined on the basis of the performance of one or more of the Investment Funds. Such Participant request shall not result in any assurance to a Participant that Supplemental Savings Contributions or Supplemental Matching Contributions will actually be invested by the Trustee in one or more of the Investment Funds. A Participant may make or change an investment request in accordance with rules established by the Plan Administrator, by notifying the Plan Administrator (or such other person or entity as may be designated by the Plan Administrator) of such election or change in the manner designated by the Plan Administrator from time to time.

4.2. ***Investment Funds.*** The Plan Administrator will select three or more Investment Funds according to criteria established by the Plan Administrator. The Plan Administrator will have the right to merge or modify any existing Investment Funds, or to designate or create additional Investment Funds. The assets of the Trust Fund shall be allocated among such investments as the Administrator, in its sole and absolute discretion, shall designate from time to time, unless such investments would cause the Trust Fund to fail to constitute a valid trust under applicable law, in which case the Trustee shall determine applicable Trust Fund investments in accordance with the Trust Agreement.

Section 5. Valuations and Crediting.

5.1. ***Valuations.*** The amount credited to each Participant's Account will be determined by the Plan Administrator as of the close of business on each Valuation Date.

5.2. ***Credits to and Charges Against Accounts.*** As of each Valuation Date, all crediting to and charging against Accounts will be made as follows:

5.2.1. First, there will be determined the net adjusted Account by (a) charging all distributions and withdrawals made during the period from the previous Valuation Date to the current Valuation Date, (b) crediting contributions to the Account since the preceding Valuation Date, and (c) at the option of the Plan Administrator, charging specifically against the Accounts of Participants all or a portion of administrative expenses relating to the maintenance of such Accounts.

5.2.2. Second, all earnings or losses of the Investment Funds will be allocated by the Plan Administrator in its discretion among the Participants' Accounts according to their net adjusted Accounts and the relative portions of such Accounts which are deemed by the Plan Administrator to be allocated to each Investment Fund.

5.3 ***Expenses.*** All brokerage fees, transfer taxes, and other expenses incurred in connection with the investment of the Trust Fund will be added to the cost of such investments or deducted from the proceeds thereof, as the case may be. All other costs and expenses of administering the Plan will be paid or reimbursed from the Trust Fund, except to the extent that the Employer elects to pay such costs and expenses without reimbursement.

Section 6. Vesting and Separation from Service.

6.1 *Vested Percentage.*

6.1.1. A Participant will at all times be fully vested in his or her Supplemental Savings Account.

6.1.2. A Participant's Supplemental Matching Account will become fully vested in the event of the Participant's death prior to otherwise separating from the service of the Employer.

6.1.3. Except as otherwise provided in this Section, a Participant's vested interest in the Participant's Supplemental Matching Account will be determined under the following table:

Years of Continuous Employment	Vested Percentage
less than 1	0%
1 but less than 2	20%
2 but less than 3	40%
3 but less than 4	60%
4 but less than 5	80%
5 or more	100%

6.2. ***Forfeiture.*** The nonvested portion of the Supplemental Matching Account of a Participant who has incurred a Separation Date prior to the occurrence of an event specified in Section 6.1.2 will be forfeited.

Section 7. Benefits.

7.1. ***Forms of Benefit Payments.*** Except as otherwise provided in this section, a Participant or Beneficiary will receive any benefit to which he or she is entitled in the form of a single lump sum cash distribution.

7.1.1 Provided, however, that if a Participant (i) incurs a Separation Date after reaching the Normal Retirement Date, (ii) has so elected in an Enrollment and Change Designation, and (iii) has a vested Account balance (or portion of the vested Account balance to which the installment election applies) that on the Participant's Separation Date exceeds $5,000 or, effective January 1, 2008, $10,000, then distribution of a Participant's Account may be made in quarterly installments over a period not to exceed 5 years, as elected by the Participant in the Enrollment and Change Designation.

7.1.2 Payment to a Participant or Beneficiary will commence as soon as practicable but in any event no later than the 15th day of the third month after the Participant's Separation Date. Provided, however, that for any Specified Employee, distribution may not begin before the earlier of (i) six (6) months after the Separation Date, or (ii) the date of the Participant's death.

7.1.3 A Participant may file a separate request for payment in installments under this section 7.1 with respect to the portion of the Participant's Account attributable to the Supplemental Savings Contributions and Supplemental Matching Contributions for each Plan Year. Such a request must be made on the Participant's Enrollment and Change Designation and filed with the Plan Administrator by the Election Date for the Plan Year and, once made, may not be revoked except in accordance with the provisions of this Plan or the Treasury Regulations. Effective January 1, 2009, a Participant may no longer file a separate request for payment in installments under this Section 7.1.3.

7.2. ***Retirement Benefit.*** Upon incurring a Separation Date, the Participant will receive in accordance with Section 7.1 a retirement benefit in an amount equal to the undistributed vested portion of the Participant's Account. The Participant's Account shall be valued as of the Valuation Date coinciding with or as soon as administratively practicable preceding the date of the distribution. Notwithstanding the foregoing, if a Participant dies before receiving a distribution of his or her vested Account, his or her Beneficiary will receive a death benefit, as determined under Section 7.3, below.

7.3. ***Death Benefit*****.** If a Participant dies before receiving a distribution of his or her vested Account, the Participant's Beneficiary will receive a death benefit, in lieu of the retirement benefit, equal to the undistributed balance in the Participant's Account. The Participant's Account shall be valued as of the Valuation Date coinciding with or as soon as administratively practicable preceding the date of the distribution.

7.4. ***Beneficiary Designation.***

7.4.1. A Participant's death benefit will be paid to the Beneficiary designated by the Participant under the Qualified Plan unless the Participant makes a separate Beneficiary designation under this Plan. A Participant may designate and from time to time change the designation of one or more Beneficiaries or contingent Beneficiaries to receive any death benefit. The designation and consent will be on a form supplied by the Plan Administrator. All records of Beneficiary designations will be maintained by the Plan Administrator.

7.4.2. In the event that the Participant fails to designate a Beneficiary under both the Qualified Plan and this Plan, or in the event that the Participant is predeceased by all designated primary and contingent Beneficiaries under the Qualified Plan and this Plan, (a) if the Participant is survived by a spouse, the death benefit will be payable to the Participant's surviving spouse who will be deemed to be the Participant's designated Beneficiary for all purposes under this Plan, or (b) if the Participant is not survived by a spouse, the death benefit will be payable to the Participant's estate.

7.5. ***In-Service Distributions due to Unforeseeable Emergency***. A Participant may apply for and receive an early payment of any or all vested amounts held in the Account of such Participant upon an Unforeseeable Emergency. Provided, however, that the amount which may be distributed to a Participant as the result of an Unforeseeable Emergency may not to exceed the least of (i) the amount credited to such Participant's Account, (ii) the amount requested by the Participant, or (iii) the amount determined by the Plan Administrator as being reasonably necessary to satisfy the need created by the Unforeseeable Emergency (which may include amounts necessary to pay Federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution), after taking into account the extent to which such need is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), or cessation of Supplemental Savings Contributions to the Plan. Distributions under this Section will be deemed to be made as of the Valuation Date coinciding with or as soon as administratively practicable preceding the date of distribution and will be charged against a Participant's Account in such manner as the Plan Administrator determines. A Participant who has received a distribution from this Plan pursuant to this Section 7.5. will not be eligible to make any Supplemental Savings Contributions or be credited with any Supplemental Matching Contributions for 12 months after the distribution.

7.6. ***Distributions on a Specified Date.*** A Participant may file a request for payment of all or a portion of the Participant's Account on a date specified by the Participant. Such a request may be made with respect to the portion of the Participant's Account attributable to the Supplemental Savings Contributions and Supplemental Matching Contributions for each Plan Year. Effective January 1, 2008, a request may be made with respect to all or a portion of the Participant's Account and will not be restricted to the portion of the Participant's Account attributable to the Supplemental Savings Contributions and Supplemental Matching Contributions for each Plan Year. The request must be made on the Participant's Enrollment and Change Designation and filed with the Plan Administrator by the Election Date for the Plan Year and, once made, may not be revoked except in accordance with the provisions of this Plan or the Treasury Regulations.

7.7. ***Withholding.*** The Employer may withhold from payments due under the Plan any and all taxes of any nature required by any government to be withheld.

7.8. ***Special 2008 Distribution Election Right.*** Notwithstanding any of the provisions of this Section 7, the Plan Administrator may, in its discretion and pursuant to and in accordance with certain transition relief contained in guidance that is cited in Section XII.A of the preamble to Sections 1.409A-1 through 1.409A-6 of the Treasury Regulations, and by adopting and distributing written forms, notices, or other written documents, permit any Participant to make, at any time on or after January 1, 2008 and before the close of business on December 31, 2008, and by filing with the Plan Administrator a writing or form approved or prepared by the Plan Administrator, a new election as to the commencement date of the payments and/or the period over which payments will be made that will apply to any portion of the amounts allocated to the Participant's Account prior to the date of such election (which amounts shall be referred to, for purposes of this Section 7.8, as the Participant's "previously allocated amounts").

7.8.1. ***Conditions on 2008 Distribution Election.*** Notwithstanding the foregoing: (i) in no event shall any election made under the provisions of this Section 7.8 be given any effect under the Plan unless the Participant actually makes such new election on or after January 1, 2008 and before the close of business on December 31, 2008; and (ii) any election made under the provisions of this Section 7.8 shall not be given any effect under the Plan to the extent that it attempts to apply to any portion of the Participant's previously allocated amounts that would otherwise be paid during 2008 or attempts to cause any portion of the Participant's previously allocated amounts to be paid during 2008.

7.8.2 ***Incorporation of 2008 Distribution Election Forms.*** Any written forms, notices, or other written documents adopted and distributed by the Plan Administrator under the terms of this Section 7.8 shall be deemed to be incorporated into this Plan and an amendment to this Plan.

7.8.3 ***Effective Date.*** This Section 7.8 shall become effective as of January 1, 2008.

Section 8. The Plan Administrator.

8.1. ***Plan Administrator*****.** The Plan Administrator will interpret the Plan and determine in its sole and absolute discretion all questions arising in the administration, interpretation and application of the Plan and the amount of benefits payable thereunder. The Plan Administrator's interpretations and determinations will be final and binding on all persons absent fraud or the arbitrary and capricious abuse of the wide discretion granted to the Plan Administrator. The Plan Administrator will provide the Trustee with instructions regarding payments of benefits. The Plan Administrator will provide directions to the Trustee with respect to the declaration of Valuation Dates and all other matters when called for in the Plan or requested by the Trustee. The Plan Administrator may waive any period of notice required under the Plan. The Plan Administrator will provide procedures for the determination of claims for benefits.

8.2. ***Engagement of Assistants and Advisors*****.** The Plan Administrator will have the right to hire such professional assistants and consultants as it, in its sole discretion, deems necessary or advisable. To the extent that the costs for such assistants and advisors are not paid or reimbursed from the Trust Fund, they will be paid by the Employer.

8.3. ***Compensation*****.** All expenses of the Plan Administrator will be paid or reimbursed by the Trust Fund, and if not so paid or reimbursed will be paid by the Employer.

8.4. ***Indemnification of the Plan Administrator*.** The Plan Administrator will be indemnified by the Employer against costs, expenses and liabilities (including reasonable attorneys' fees but excluding amounts paid in settlements to which the Employer does not consent) reasonably incurred by him or her in connection with any action or investigation to which he or she may be a party by reason of his or her service as Plan Administrator, except in relation to matters as to which he or she may be adjudged in such action to be personally guilty of willful misconduct in the performance of his or her duties. The foregoing right to indemnification will be in addition to such other rights as the Plan Administrator may enjoy as a matter of law, under the Company's Certificate of Incorporation or By-Laws or by reason of insurance coverage of any kind, or otherwise. Service as Plan Administrator will be deemed in partial fulfillment of the member's function as an Eligible Person, officer and/or director of the Employer, if he or she serves in such capacity as well. No amendment of this Section diminishing the right to indemnification provided herein will apply to any action or investigation commenced prior to the adoption of such amendment.

Section 9. **Authority and Responsibilities of the Company.** The Board of Directors of the Company will have the following authority and responsibility:

(a) To appoint the Trustee and the Plan Administrator and to monitor each of their performances;

(b) To communicate such information to the Plan Administrator and to the Trustee as each needs for the proper performance of its duties; and

(c) To perform such duties as imposed by applicable law and to serve as the Plan Administrator in the absence of an appointed Plan Administrator.

Section 10. **Claims Procedures.**

10.1 ***Claims.*** Any claim for benefits not received upon termination of employment shall be made in writing to the Plan Administrator. The Plan Administrator will handle claims in accordance with the following provisions:

10.1.1. *General Rule*. If a claim is wholly or partially denied, the Plan Administrator shall notify the Participant or Beneficiary claimant, in accordance with paragraph (c) of this Section, of the Plan's adverse benefit determination within a reasonable period of time, but not later than 90 days after receipt of the claim by the Plan, unless the Plan Administrator determines that special circumstances require an extension of time for processing the claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to the Participant or Beneficiary claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

10.1.2. *Calculating Time Periods*. For purposes of this Section 10.1, the period of time within which a benefit determination is required to be made shall begin at the time a claim is filed in accordance with the Plan's claim procedures, without regard to whether all the information necessary to make a benefit determination accompanies the filing.

10.1.3. *Manner and Content of Notification of Benefit Determination*. The Plan Administrator shall provide a Participant or Beneficiary claimant with written notification of any adverse benefit determination. The notification shall set forth, in a manner calculated to be understood by the Participant or Beneficiary claimant--

(a) The specific reason or reasons for the adverse determination;

(b) Reference to the specific Plan provisions on which the determination is based;

(c) A description of any additional material or information necessary for the Participant or Beneficiary claimant to perfect the claim and an explanation of why such material or information is necessary;

(d) A description of the Plan's review procedures as described in Section 9.2 and the time limits applicable to such procedures, including a statement of the Participant or Beneficiary claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

10.2 ***Appeal of Adverse Benefit Determinations.*** Within 60 days after the receipt from the Plan Administrator of any written denial of a claim for benefits (including denial of an application for a withdrawal), a Participant or Beneficiary whose claim is denied may request, by written application to the Plan Administrator, a review by the Plan Administrator of the decision denying the payment of benefits.

10.2.1 *Submission of Additional Information*. In connection with an appeal of an adverse benefit determination under this Section 10.2, a Participant or Beneficiary shall be entitled to submit written comments, documents, records, and other information relating to the claim for benefits. Review of an appeal under this Section 10.2 shall take into account all comments, documents, records, and other information submitted by the Participant or Beneficiary relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(a) Review of Relevant Information. The Participant or Beneficiary shall also be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Participant or Beneficiary's claim for benefits. For purposes of this Section, the determination of whether a document, record, or other information shall be considered "relevant" shall be made in accordance with the definition in Section 10.4.3.

10.3 ***Notification of Benefit Determination on Review.***

10.3.1 *Manner and Content of Notification of Benefit Determination on Review*. The Plan Administrator shall provide a Participant or Beneficiary claimant with written notification of the Plan's benefit determination on review. In the case of an adverse benefit determination, the notification shall set forth, in a manner calculated to be understood by the Participant or Beneficiary claimant:

(a) The specific reason or reasons for the adverse determination;

(b) Reference to the specific plan provisions on which the determination is based;

(c) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant’s claim for benefits. For purposes of this Section, determination of whether documents, records, and other information shall be considered “relevant” shall be made in accordance with the definition provided in Section 10.4.3;

(d) A statement of the Participant or Beneficiary claimant’s right to bring a civil action under Section 502(a) of ERISA.

10.3.2 *Timing of Notification of Benefit Determination on Review*.

(a) General Rule. Except as provided in paragraph (b) of this Section, the Plan Administrator shall notify a Participant or Beneficiary claimant in accordance with paragraph (a) of this Section of the Plan’s benefit determination on review within a reasonable period of time, but not later than 60 days after receipt of the claimant’s request for review by the Plan, unless the Plan Administrator determines that special circumstances require an extension of time for processing the claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review.

(b) Special Rule in Case of a Committee Serving as Plan Administrator. In the event that the Company has designated more than one person to serve by committee as Plan Administrator, and the committee serving as Plan Administrator holds regularly scheduled meetings at least quarterly, paragraph (a) of this Section shall not apply, and the Plan Administrator shall instead make a benefit determination no later than the date of the meeting of the committee that immediately follows the Plan’s receipt of a request for review, unless the request for review is filed within 30 days preceding the date of such meeting. In such case, a benefit determination may be made no later than the date of the second meeting following the Plan’s receipt of the request for review. If special circumstances require further extension of time for processing, a benefit determination shall be rendered not later than the third meeting of the committee following the Plan’s receipt of the request for review. If such an extension of time for review is required because of special circumstances, the Plan Administrator shall provide the claimant with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Plan Administrator shall notify the claimant, in accordance with paragraph (a) of this Section, of the benefit determination as soon as possible, but no later than 5 days after the benefit determination is made.

(c) Calculating Time Periods. For purposes of this Section 10.3, the period of time within which a benefit determination on review is required to be made shall begin at the time an appeal is filed in accordance with the reasonable procedures of a Plan, without regard to whether all the information necessary to make a benefit determination on review accompanies the filing. In the event that a period of time is extended as permitted pursuant to paragraph (a) or (b) of this Section due to a claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination on review shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.

10.4 ***Definitions.*** For purposes of Section 10, the following terms shall be defined as follows:

10.4.1 _Adverse benefit determination_. "Adverse benefit determination" means any of the following: a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit, including any such denial, reduction, termination, or failure to provide or make payment that is based on a determination of a Participant's or Beneficiary's eligibility to participate in the Plan.

10.4.2 _Notice or notification_. "Notice" or "Notification" means the delivery or furnishing of information to an individual in a manner that satisfies the standards of 29 CFR 2520.104b-1(b) as appropriate with respect to material required to be furnished or made available to an individual.

10.4.3 _Relevant_. A document, record or other information shall be considered "relevant" to the Participant or Beneficiary's claim if such document, record or other information:

(a) was relied upon in making the benefit determination;

(b) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination; and

(c) demonstrates compliance with the administrative processes and safeguards designed to ensure and to verify that benefit claim determinations are made in accordance with the Plan and that, where appropriate, the Plan provisions have been applied consistently with respect to similarly situated Participants or Beneficiaries.

Section 11. Amendment, Termination, Mergers and Consolidations.

11.1. ***Amendment.*** The provisions of this Plan may be amended at any time and from time to time by the Company; provided, however, that:

11.1.1. No amendment will increase the duties or liabilities of the Trustee without the consent of the Trustee.

11.1.2. No amendment will decrease the vested balance in any Account.

11.1.3. No amendment shall adversely impact the Participants' rights to receive payment under the Plan with respect to vested Participant Accounts.

11.1.4. No amendment will decrease any Participant's vested percentage of his or her Account.

11.2. ***Termination*****.** While it is the Company's intention to continue the Plan indefinitely in operation, the Company nevertheless reserves the right to terminate the Plan in whole or in part. On termination of the Plan, the Trustee will pay over to each Participant (and deferred vested former Participant) the value of his or her vested Account, and thereupon dissolve the Trust Fund.

11.3. ***Permanent Discontinuance of Contributions***. The Company reserves the right at any time to permanently suspend or discontinue all Employer contributions.

Section 12. Participating Employers.

12.1. ***Adoption by Other Corporations*****.** With the consent of the Board of Directors, any Affiliate may adopt this Plan and all of the provisions hereof as to all or any category of its Eligible Persons, as a participating Employer, by a properly executed document evidencing the intent and will of the board of directors of the other corporation.

12.2. ***Requirements of Participating Employers*****.** Each participating Employer will be required to use the same Trustee and Trust Agreement as provided in this Plan, and the Trustee will commingle, hold and invest as the Trust Fund all contributions made by participating Employers, as well as all increments thereof.

12.3. ***Designation of Agent*****.** With respect to all relations with the Trustee and Plan Administrator, each participating Employer will be deemed to have irrevocably designated the Company as its agent.

12.4. ***Eligible Person Transfers*****.** If an Eligible Person is transferred between Employers, the Eligible Person involved will carry with him or her the Eligible Person's accumulated service and eligibility, no such transfer will effect a Separation Date hereunder, and the participating Employer to which the Eligible Person is transferred will thereupon become obligated with respect to such Eligible Person in the same manner as was the participating Employer from whom the Eligible Person was transferred.

12.5. ***Discontinuance of Participation.*** Any participating Employer may discontinue or revoke its participation in the Plan. At the time of any such discontinuance or revocation, satisfactory evidence thereof and of any applicable conditions imposed will be delivered to the Trustee.

12.6. ***Plan Administrator's Authority.*** The Plan Administrator will have discretionary authority to make any and all necessary rules or regulations, binding upon all participating Employers and all Participants, to effectuate the purposes of the Plan.

Section 13. Miscellaneous Provisions.

13.1 ***Nonalienation of Benefits.*** None of the payments, benefits, or rights of any Participant or Beneficiary will be subject to any claim of any creditor of such Participant or Beneficiary, and, to the fullest extent permitted by law, all such payments, benefits, and rights will be free from attachment, garnishment, or any other legal or equitable process available to any creditor of such Participant or Beneficiary. No Participant or Beneficiary will have the right to alienate, anticipate, commute, pledge, encumber, or assign any of the benefits or payments which he or she may expect to receive, contingently or otherwise, under the Plan, except the right to designate a Beneficiary.

13.1.1 Benefits payable under the Plan shall not be subject to alienation or transfer pursuant to any domestic relations order. In the event a Participant's benefits under the Plan are garnished or attached by an order of any court, the Plan Administrator may bring an action for a declaratory judgment in a court of competent jurisdiction to have the order declared unenforceable against the Plan because of the general prohibition on the assignment or alienation of Plan benefits contained in this Section 13.1. During the pendency of the action, any benefits that become payable may be paid to the court for distribution by the court to the recipient that the court determines to be proper.

13.2. ***No Contract of Employment.*** All benefits created by the Plan constitute a voluntary act on the part of the Employer and are not to be deemed or construed to be a part of any contract of employment. Neither the action of the Employer in establishing the Plan nor any action hereafter taken by the Employer or the Plan Administrator will be construed as giving to any Eligible Person a right to be retained in the service of the Employer or any right or claim to any benefits under the Plan except as expressly provided in the Plan.

13.3 ***Severability.*** If any provision of this Plan is held invalid or unenforceable, such invalidity or unenforceability will not affect any other provision hereof, and this Plan will be construed and enforced as if such invalid or unenforceable provision had not been included.

13.4 ***Successors.*** This Plan will be binding upon the heirs, executors, administrators, personal representatives, successors, and assigns of the parties, including each Participant and Beneficiary, present and future.

13.5 ***Captions.*** The headings and captions herein are provided for convenience only, will not be considered a part of the Plan, and will not be employed in the construction of the Plan.

13.6 ***Gender and Number.*** Except where otherwise clearly indicated by context, the masculine gender will include the feminine gender, the singular will include the plural, and vice versa.

13.7. ***Controlling Law.*** This Plan will be construed and enforced according to the laws of the State of Tennessee to the extent not preempted by federal law, which will otherwise control. This Plan is intended to comply with the requirements of Section 409A of the Code and the Final Treasury Regulations promulgated thereunder, and shall be interpreted in accordance with such intent.

13.8. ***Title to Assets.*** No Participant or Beneficiary will have any right to, or interest in, any assets of the Trust Fund, upon termination of his or her employment or otherwise. The Employer will remain primarily liable to pay benefits under the Plan. However, the Employer’s liability under the Plan will be reduced or offset to the extent benefit payments are made from the Trust Fund. The provisions of the Trust Fund are incorporated by reference.

13.9. ***Payments to Minors, Etc.*** Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefore will be deemed paid when paid to such person’s guardian, to a trustee holding assets for such person or to the party providing, or reasonably appearing to provide, for the care of such person, and such payments will fully discharge the Trustee, the Plan Administrator, the Employer and all other parties with respect thereto.

13.10. ***Acknowledgments.*** The Participants specifically understand and acknowledge that the value of the Accounts may increase or decrease and that any such decrease will reduce the benefits payable under this Plan.

13.11. ***Entire Agreement; Successors.*** This Plan, including any election agreements and any amendments thereto, will constitute the entire agreement between the Company and the Participant with respect to the amounts payable under the Plan. No oral statement regarding the Plan may be relied upon by the Participant. This Plan and any amendment will be binding on the parties thereto and their respective heirs, administrators, trustees, successors and assigns, and on all Beneficiaries. By becoming a Participant, each Eligible Person will be conclusively deemed to have assented to the provisions of the Plan and the Trust Agreement and to any amendments thereto.

13.12. ***Tax Effects.*** None of the Employer, the Plan Administrator, and any firm, person, or corporation, represents or guarantees that any particular federal, state or local tax consequences will occur as a result of any Participant’s participation in this Plan. Each Participant should consult with his or her own advisors regarding the tax consequences of participation in this Plan.

Executed on behalf of the Company this 2nd day of December, 2008.

Cracker Barrel Old Country Store, Inc.

By: /s/John Rains

Title: VP Compensation & Benefits

CRACKER BARREL OLD COUNTRY STORE, INC.
NON-QUALIFIED SAVINGS PLAN

EXHIBIT A

ELIGIBLE EMPLOYEES

In accordance with Section 1 of this Plan Document, employees who are members of a select group of management or highly compensated employees and who either (i) were eligible to participate in the Prior Plan immediately prior to January 1, 2005, or (ii) are employed by the Employer in a category of employment designated below shall be eligible for participation in the Plan. In all cases, however, the Plan Administrator shall have final authority and discretion to determine those positions and employees who will be eligible to participate in the Plan, regardless whether such positions or employees are listed below.

Cracker Barrel

CEO
CFO
COO
Exempt 20 or Higher (effective January 1, 2008)
GSDM
MIPVP
MIP 18 or Higher
MPCAO
MPSVP
President
RSTDM
RSTGM
SRVP
VP

ALTERNATIVE REPORTING AND DISCLOSURE STATEMENT FOR PENSION PLANS FOR CERTAIN SELECTED EMPLOYEES

To the Secretary of Labor:

In compliance with the requirements of the alternative method of reporting and disclosure under Part 1 of Title I of the Employee Retirement Income Security Act of 1974 for unfunded or insured pension plans for a select group of management or highly compensated employees, specified in Department of Labor Regulations, 29 C.F.R. §2520.104-23, the following information is provided by the undersigned employer.

Name and Address of Employer: Cracker Barrel Old Country Store, Inc.
P. O. Box 787
Lebanon, TN 37085-0787

Employer Identification Number: 62-1749513

Cracker Barrel Old Country Store, Inc. maintains plans primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

Number of Plans and Participants in Each Plan: 2 Plans covering 9 and 1,000 Employees, respectively.

Dated: ___________, 2008.

Cracker Barrel Old Country Store, Inc.

By ______________________________

Title: Assistant Secretary

This form should be mailed to:

Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5644
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

(Send certified mail to evidence filing requirement satisfied)

Exhibit 10(bb)

CRACKER BARREL OLD COUNTRY STORE, INC.

DEFERRED COMPENSATION PLAN

(effective January 1, 2009)

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CRACKER BARREL OLD COUNTRY STORE, INC.

DEFERRED COMPENSATION PLAN

WITNESSETH:

WHEREAS, effective as of January 1, 1994, Cracker Barrel Old Country Store, Inc. (the “Company”) adopted the Cracker Barrel Old Country Store, Inc. Deferred Compensation Plan (the “Prior Plan”) to provide retirement and incidental benefits for certain outside directors of the Company; and

WHEREAS, effective as of January 1, 2003, CBRL Group, Inc. assumed sponsorship of the Prior Plan, and amended and restated the Plan in its entirety; and

WHEREAS, in order to comply with the requirements of the Code, as amended by the American Jobs Creation Act of 2004 (the “Act”), the Prior Plan was amended and restated with respect to the portion of each Member’s Account which is subject to the requirements of the Act as the CBRL Group, Inc. 2005 Deferred Compensation Plan (the "2005 Plan"), effective as of January 1, 2005;

WHEREAS, for the purpose of assuring continued compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the Final Treasury Regulations promulgated thereunder, and to reflect the change in sponsorship of the Plan from CBRL Group, Inc. to Cracker Barrel Old Country Store, Inc., it is necessary to amend and restate the 2005 Plan in its entirety as the Cracker Barrel Old Country Store, Inc. Deferred Compensation Plan (the "Plan");

NOW THEREFORE, effective as of the Effective Date (except where another effective date is indicated, specified or incorporated by reference herein), Cracker Barrel Old Country Store, Inc. hereby assumes the sponsorship of, and amends and restates the 2005 Plan in its entirety as the Cracker Barrel Old Country Store, Inc. Deferred Compensation Plan, as set forth herein or as hereafter amended.

ARTICLE I

Definitions and Construction

1.1 Definitions. This Plan shall be deemed to have amended and restated the 2005 Plan and, commencing on the Effective Date, shall govern all amounts credited to a Member's Account other than Prior Plan Deferrals. The terms of the Prior Plan shall remain in effect with respect to the portion of a Member's Account consisting of Prior Plan Deferrals. Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, un1ess their context clearly indicates to the contrary.

(a) Account: A memorandum bookkeeping account established on the records of the Company for a Member which is credited with amounts determined pursuant to Sections 4.1 and 4.2 of the Plan. As of any determination date, a Member’s benefit under the Plan shall be equal to the amount credited to his Account as of such date.

(b) Board: The Board of Directors of the Company.

(c) Committee: The administrative committee appointed by the Board to administer the Plan.

(d) Company: Cracker Barrel Old Country Store, Inc.

(e) Compensation: The total of all director fees and any other amounts paid by the Company to or for the benefit of a Member for services rendered or labor performed while a Member (as reported for federal income tax purposes), including the Member's deferral contributions to this Plan.

(f) Disability: A Member shall be considered to be suffering from a Disability if the Member: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan sponsored by the Company which covers the Member.

(g) Distribution Date: The date on which a Member's Account becomes payable, as determined under Article VII.

(h) Effective Date: January 1, 2009.

(i) Election: An election by a Member, consistent with the terms of this Plan and in a form and manner satisfactory to the Committee, to make elective deferral contributions to the Plan for a Plan Year, and to specify a time and form of payment for amounts attributable to the allocations to the Member's Account for such Plan Year.

(j) Interest Credit: The interest applied to a Member's Account as of the end of each calendar month. Such interest shall be at an annual rate equal to one and one-half percent (1.5%) over the ten (10) year Treasury Bill rate in effect as of the beginning of such calendar month.

(k) Member: Any outside director of the Company who has not ceased to be a Member in accordance with Section 3.1 of the Plan.

(l) Plan: The Cracker Barrel Old Country Store, Inc. Deferred Compensation Plan, as set forth herein and as amended from time to time.

(m) Plan Year: The twelve-consecutive month period commencing on the Effective Date, and each twelve-consecutive month period commencing January 1 of each year thereafter.

(n) Prior Plan: The CBRL Group, Inc. Deferred Compensation Plan, as in effect immediately prior to the Effective Date of this Plan.

(o) Prior Plan Deferrals: The amount which, immediately prior to January 1, 2005, was credited to the Member's Account and which on such date was not subject to forfeiture, and any Investment Credit allocated to such amount since January 1, 2005.

(p) Separation from Service: A Member shall be considered to have experienced a Separation from Service when the facts and circumstances indicate that the Member and the Company reasonably anticipate that either (i) no further services will be performed for the Company after a certain date, or (ii) that the level of bona fide services the Member will perform for the Company after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Member (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Company if the Member has been providing services to the Company less than 36 months).

(q) Specified Employee: A Member who, as of the date of the Member's Separation from Service, is a "key employee" (as defined below) of the Company. Provided, however, that no such Member shall be considered to be a Specified Employee as of any date unless on such date the stock of the Company is publicly traded on an established securities market or otherwise.

> (1) A Member is a key employee if the Member meets the requirements of Section 416(i)(1)(A)(i), (ii), or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code).
>
> (2) A Member is a key employee if the Member meets the requirements of such Code sections at any time during the 12-month period ending on a "specified employee identification date." If the Member is a key employee as of a specified employee identification date, the Member is treated as a key employee for the entire 12-month period beginning on the "specified employee effective date." The "specified employee identification date means December 31 of any calendar year and the "specified employee effective date" means April 1 of the calendar year following the year of the specified employee identification date.

(r) Trust Agreement: Any agreement which may be entered into between the Company and the Trustee establishing a trust to hold and invest contributions made by the Company under the Plan and from which all or a portion of the amounts payable under the Plan to Members and their beneficiaries will be distributed.

(s) Trust Assets: Any assets held by the Trustee under the Trust Agreement.

(t) Trustee: The trustee or trustees qualified and acting under the Trust Agreement at any time.

(u) Unforeseeable Emergency: A severe financial hardship to the Member resulting from an illness or accident of the Member, the Member's spouse, the Member's designated beneficiary, or a dependent (as defined in section 152(a) of the Code without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code) of the Member, loss of the Member's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster), or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Member. An unforeseeable emergency will not include the need to send a Member’s child to college or the desire to purchase a home.

(v) 2005 Plan: The CBRL Group, Inc. 2005 Deferred Copmpensation Plan, as generally in effect during the period beginning on January 1, 2005 and ending on the Effective Date.

1.2 Number and Gender. Wherever appropriate herein, words used in the singular shall be considered to include the plural and the plural to include the singular. The masculine gender, where appearing in this Plan, shall be deemed to include the feminine gender.

1.3 Headings. The headings of Articles and Sections herein are included solely for convenience and if there is any conflict between such headings and the text of the Plan, the text shall control.

ARTICLE II

Administration

The Plan shall be administered by the Committee, which shall be authorized, subject to the provisions of the Plan, to establish rules and regulations and make such interpretations and determinations as it may deem necessary or advisable for the proper administration of the Plan, including, without limitation, the discretionary power (1) to construe the Plan and the Trust, (ii) to determine the eligibility of any individual for participation in the Plan, and (iii) to determine the eligibility for and amount of benefits payable to a Member or the Member’s designated beneficiary hereunder. All such rules, regulations, interpretations and determinations shall be binding on all Plan Members and their beneficiaries. The Committee shall be composed of not less than three (3) individuals who shall be appointed by the Board. Each member of the Committee shall serve until the member resigns or is removed by the Board. Upon the resignation or removal of a member of the Committee, the Board shall appoint a substitute member. No member of the Committee shall have any right to vote or decide upon any matter relating solely to himself or herself under the Plan or to vote in any case which his individual right to claim any benefit under the Plan is particularly involved. In any case in which a Committee member is so disqualified to act, and the remaining members cannot agree, the Board shall appoint a temporary substitute member to exercise all the powers of the disqualified member concerning the matter in which he or she is disqualified. All expenses incurred in connection with the administration of the Plan shall be borne by the Company.

ARTICLE III

Participation

3.1 Eligibility. Any outside director of the Company shall become a Member upon designation by the Committee. Once an outside director has been designated as a Member, he or she shall automatically continue to be a Member until he or she has received payment in full of all benefits accrued for him or her under this Plan or until he or she is removed as a Member by the Committee.

3.2 Election. Any Member may file an Election to defer receipt of an integral percentage or sum certain (in an even $1,000 amount) of his or her Compensation for any Plan Year under the Plan. A Member’s Election to defer receipt of Compensation for any Plan Year shall be made prior to the beginning of such Plan Year, shall be irrevocable for such Plan Year, and shall specify the time and form of payment of the portion of the Member's Account attributable to amounts allocated to the Member's Account for the Plan Year. The reduction in a Member’s Compensation pursuant to such Election shall be effected by substantially equal Compensation reductions as of each payroll period within the Plan Year.

3.3 Initial Election. Notwithstanding the provisions of Section 3.2 above, a Member may make his or her first Election during such thirty (30) day period following the date on which he or she becomes a Member, provided such Member does not participate in another deferred compensation plan maintained by the Company that is required to be aggregated with the Plan for purposes of Section 1.409A-1(c)(2) of the Treasury Regulations. A Member's initial Election shall be attributable only to Compensation for services to be performed subsequent to the Election.

ARTICLE IV

Benefits

4.1 Amount of Benefit. As of each date on which Compensation is paid to the Member during the Plan Year, a Member’s Account shall be credited with an amount equal to the Compensation deferred under the Plan pursuant to an election by the Member as described in Article III. As of any determination date, the benefit to which a Member or his beneficiary shall be entitled under the Plan shall be equal to the amount credited to such Member’s Account as of such date.

4.2 Interest Crediting. As of the last day of each calendar month, any portion of the Account of a Member which has not previously been distributed shall be credited with the Interest Credit for such calendar month.

ARTICLE V

Vesting

All amounts credited to a Member’s Account shall be fully vested and not subject to forfeiture for any reason; provided, however, such amounts shall remain subject to the claims of the general creditors of the Company, present and future, and no payments shall be made under this Plan to any Member or a Member’s designated beneficiary during any period in which the Committee, in its sole and absolute discretion, determines that the Company is insolvent and notifies the Trustee in writing of such determination.

ARTICLE VI

Trust

In the event the Company establishes a Trust in connection with this Plan, the Company may, from time to time and in its sole discretion, pay and deliver money or other property to the Trustee for the payment of benefits under the Plan. Distributions due under the Plan to or on behalf of Members shall be made by the Trustee in accordance with the terms of the Trust Agreement and the Plan; provided, however, that the Company shall remain obligated to pay all amounts due to such persons under the Plan, to the extent that such amounts are not paid from the Trust. Nothing in the Plan or the Trust Agreement shall relieve the Company of its obligation to make the distributions required in Article VII hereof except to the extent that such obligation is satisfied by the application of funds held by the Trustee under the Trust Agreement. No Member or beneficiary of a deceased Member shall have any security or other interest in Trust Assets. Any and all Trust Assets shall remain subject to the claims of the general creditors of the Company, present and future, and no payment shall be made under the Plan during any period in which the Committee, in its sole and absolute discretion, determines that the Company is insolvent and notifies the Trustee in writing of such determination. The Trust Agreement shall prohibit the location of trust assets outside the United States or the transfer of trust assets outside the United States. Should an inconsistency or conflict exist between the specific terms of the Plan and those of the Trust Agreement, then the relevant terms of the Plan shall govern and control.

ARTICLE VII

Payment of Benefits

7.1 Separation from Service. Upon a Member’s Separation from Service with the Company for any reason other than death (including retirement or Disability), the amount credited to each Member’s Account as of the date of such Member’s termination of employment or service shall be distributed to such Member pursuant to Sections 7.3 and 7.4 below.

7.2 Death. Upon a Member’s death, the amount credited to such Member’s Account as of the date of such Member’s death shall be distributed to such Member’s designated beneficiary pursuant to Sections 7.3 and 7.4 below. The Member, by written instrument filed with the Committee in such manner and form as the Committee may prescribe, may designate one or more beneficiaries to receive such payment. The beneficiary designation may be changed from time to time prior to the death of the Member. In the event that the Committee has no valid beneficiary designation on file, the amount credited to each Member’s Account shall be distributed to the Member’s surviving spouse, if any, or if the Member has no surviving spouse, to the executor or administrator of the Member’s estate.

7.3 Time of Payment. Subject to the requirements of this section, Payment of a Member's benefit hereunder shall begin as soon as administratively feasible, but in any event not later than the 15th day of the third month, following the Distribution Date.

(a) The "Distribution Date" of a Member's Account shall be the date specified as the Distribution Date in the Member's Election. Provided, however, that the Distribution Date shall not occur before the earliest of:

(1) the Member's Separation from Service;

(2) the Member's Disability; or

(3) the Member's death.

(b) Subject to the requirements of Article VIII, all or a portion of a Member's Account may be distributed upon the occurrence of an Unforeseeable Emergency.

(c) Notwithstanding the other requirements of this section, in the case of any Specified Employee, any distribution as the result of the Member's Separation from Service may not occur before the date which is six months after the date of the Member's Separation from Service (or, if earlier, the date of death of the Member).

(d) A Member may elect to postpone the commencement of benefits hereunder to a date which is specified by the Member in an Election; provided, however, that:

(1) such an election may not take effect until at least 12 months after the date on which it is made, and

(2) except in the case of a payment of benefits as the result of the Member's death or Disability, or a distribution as the result of an Unforseeable Emergency, as described in Article VIII, the first payment with respect to which the election is made must be deferred for a period of at least 5 years from the date on which the payment would otherwise have been made.

7.4 Form of Payment. Subject to the prior approval of the Committee, a Member, or the Member's designated beneficiary in the case of the death of the Member, may elect to receive benefits hereunder in either of the following forms or any combination thereof:

(a) a single sum payment; or

(b) quarterly installment payments over a specified term not to exceed five (5) years.

The form of payment shall be specified by the Member in an Election. Provided, however, that any election by a Member to receive payment in installments shall not be effective unless balance in the Member's Account (or the portion of the Account to which the installment election applies) exceeds $10,000. The Committee shall maintain records sufficient to determine the portion of the Member's Account to which each such Election applies.

7.5 Special Pre-December 31, 2008 Distribution Election Right. Notwithstanding any of the provisions of this Article VII, the Committee may, in its discretion and pursuant to and in accordance with certain transition relief contained in guidance that is cited in Section XII.A of the preamble to Sections 1.409A-1 through 1.409A-6 of the Treasury Regulations, and by adopting and distributing written forms, notices, or other written documents, permit any Member to make, at any time on or after January 1, 2008 and before December 31, 2008, and by filing with the Committee a writing or form approved or prepared by the Committee, a new election as to the commencement date of the payments and/or the period over which payments will be made that will apply to any portion of the amounts allocated to the Member’s Account prior to the date of such election (which amounts shall be referred to, for purposes of this Section 7.5, as the Member’s “previously allocated amounts”).

(a) Conditions on Pre-December 31, 2008 Distribution Election. Notwithstanding the foregoing: (i) in no event shall any election made under the provisions of this Section 7.5 be given any effect under the Plan unless the Member actually makes such new election on or after January 1, 2008 and before December 31, 2008; and (ii) any election made under the provisions of this Section 7.5 shall not be given any effect under the Plan to the extent that it attempts to apply to any portion of the Member’s previously allocated amounts that would otherwise be paid during 2008 or attempts to cause any portion of the Member’s previously allocated amounts to be paid during 2008.

(b) Incorporation of Pre-December 31, 2008 Distribution Election Forms. Any written forms, notices, or other written documents adopted and distributed by the Committee under the terms of this Section 7.5 shall be deemed to be incorporated into this Plan and an amendment to this Plan.

(c) Effective Date. This Section 7.5 shall become effective as of January 1, 2008.

ARTICLE VIII

Distributions Upon Unforeseeable Emergency

Upon written application by a Member who has experienced an Unforeseeable Emergency, as determined by the Committee, the Committee may distribute to such Member an amount not to exceed the least of (i) the amount credited to such Member’s Account, (ii) the amount requested by the Member, or (iii) the amount determined by the Committee as being reasonably necessary to satisfy the need created by the Unforseeable Emergency, plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such need is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Member's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

ARTICLE IX

Nature of the Plan

The Plan shall constitute an unfunded, unsecured obligation of the Company for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The Plan is not intended to meet the qualification requirements of Section 401 of the Internal Revenue Code of 1986, as amended. The Company in its sole discretion may set aside such amounts for the payment of Accounts as the Company from time to time may determine. No Member shall have any security or other interest in any such amounts set aside or any other assets of the Company. Neither the establishment of the Plan, the operation thereof, nor the setting aside of any amounts shall be deemed to create a funding arrangement. Members shall have the status of general unsecured creditors of the Company, and this Plan constitutes a mere promise by the Company to make benefit payments in the future.

ARTICLE X

Amendment and Termination

The Board may amend or terminate the Plan, by resolution duly adopted, without the consent of the Members; provided, however, that no such amendment or termination shall reduce the amount of any benefits which have been earned prior to any such amendment or termination. Further, upon termination of the Plan, the Committee, in its sole discretion, may elect to distribute the amount credited to each Member’s Account in a lump sum cash payment as soon as administratively feasible following the date of termination of the Plan.

ARTICLE XI

Claims and Appeals Procedures

11.1 Claims. Any claim for benefits shall be made in writing to the Committee. The Committee will handle claims in accordance with the following provisions:

(a) General Rule. If a claim is wholly or partially denied, the Committee shall notify the Member or beneficiary claimant, in accordance with paragraph (c) of this Section, of the Plan's adverse benefit determination within a reasonable period of time, but not later than 90 days after receipt of the claim by the Plan, unless the Committee determines that special circumstances require an extension of time for processing the claim. If the Committee determines that an extension of time for processing is required, written notice of the extension shall be furnished to the Member or beneficiary claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

(b) Calculating Time Periods. For purposes of this Section 12.1, the period of time within which a benefit determination is required to be made shall begin at the time a claim is filed in accordance with the Plan's claim procedures, without regard to whether all the information necessary to make a benefit determination accompanies the filing.

(c) Manner and Content of Notification of Benefit Determination. The Committee shall provide a Member or beneficiary claimant with written notification of any adverse benefit determination. The notification shall set forth, in a manner calculated to be understood by the Member or beneficiary claimant--

(1) The specific reason or reasons for the adverse determination;

(2) Reference to the specific Plan provisions on which the determination is based;

(3) A description of any additional material or information necessary for the Member or beneficiary claimant to perfect the claim and an explanation of why such material or information is necessary;

(4) A description of the Plan's review procedures as described in Section 12.2 and the time limits applicable to such procedures, including a statement of the Member or beneficiary claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

11.2 Appeal of Adverse Benefit Determinations. Within 60 days after the receipt from the Committee of any written denial of a claim for benefits, a Member or beneficiary whose claim is denied may request, by written application to the Committee, a review by the Committee of the decision denying the payment of benefits.

(a) Submission of Additional Information. In connection with an appeal of an adverse benefit determination under this Section 12.2, a Member or beneficiary shall be entitled to submit written comments, documents, records, and other information relating to the claim for benefits. Review of an appeal under this Section 12.2 shall take into account all comments, documents, records, and other information submitted by the Member or beneficiary relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(b) Review of Relevant Information. The Member or beneficiary shall also be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Member or beneficiary's claim for benefits. For purposes of this Section, the determination of whether a document, record, or other information shall be considered "relevant" shall be made in accordance with the definition in Section 12.4(c).

11.3 Notification of Benefit Determination on Review.

(a) Manner and Content of Notification of Benefit Determination on Review. The Committee shall provide a Member or beneficiary claimant with written notification of the Plan's benefit determination on review. In the case of an adverse benefit determination, the notification shall set forth, in a manner calculated to be understood by the Member or beneficiary claimant:

(1) The specific reason or reasons for the adverse determination;

(2) Reference to the specific plan provisions on which the determination is based;

(3) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. For purposes of this Section, determination of whether documents, records, and other information shall be considered "relevant" shall be made in accordance with the definition provided in Section 12.4(c);

(4) A statement of the Member or beneficiary claimant's right to bring a civil action under Section 502(a) of ERISA.

(b) Timing of Notification of Benefit Determination on Review.

(1) General Rule. Except as provided in paragraph (2) of this Section, the Committee shall notify a Member or beneficiary claimant in accordance with paragraph (a) of this Section of the Plan's benefit determination on review within a reasonable period of time, but not later than 60 days after receipt of the claimant's request for review by the Plan, unless the Committee determines that special circumstances require an extension of time for processing the claim. If the Committee determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review.

(2) Special Rule. In the event that the Committee holds regularly scheduled meetings at least quarterly, paragraph (1) of this Section shall not apply, and the Committee shall instead make a benefit determination no later than the date of the meeting of the Committee that immediately follows the Plan's receipt of a request for review, unless the request for review is filed within 30 days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second meeting following the Plan's receipt of the request for review. If special circumstances require further extension of time for processing, a benefit determination shall be rendered not later than the third meeting of the Committee following the Plan's receipt of the request for review. If such an extension of time for review is required because of special circumstances, the Committee shall provide the claimant with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Committee shall notify the claimant, in accordance with paragraph (a) of this Section, of the benefit determination as soon as possible, but no later than 5 days after the benefit determination is made.

(3) Calculating Time Periods. For purposes of this Section 12.3, the period of time within which a benefit determination on review is required to be made shall begin at the time an appeal is filed in accordance with the reasonable procedures of a Plan, without regard to whether all the information necessary to make a benefit determination on review accompanies the filing. In the event that a period of time is extended as permitted pursuant to paragraph (1) or (2) of this Section due to a claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination on review shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.

11.4 Definitions. For purposes of this Article XI, the following terms shall have the meanings indicated:

(a) Adverse benefit determination. "Adverse benefit determination" means any of the following: a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit, including any such denial, reduction, termination, or failure to provide or make payment that is based on a determination of a Member's or beneficiary's eligibility to participate in the Plan.

(b) Notice or notification. "Notice" or "Notification" means the delivery or furnishing of information to an individual in a manner that satisfies the standards of 29 CFR 2520.104b-1(b) as appropriate with respect to material required to be furnished or made available to an individual.

(c) Relevant. A document, record or other information shall be considered "relevant" to the Member or beneficiary's claim if such document, record or other information:

(1) was relied upon in making the benefit determination;

(2) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination; and demonstrates compliance with the administrative processes and safeguards designed to ensure and to verify that benefit claim determinations are made in accordance with the Plan and that, where appropriate, the Plan provisions have been applied consistently with respect to similarly situated Members or beneficiaries.

ARTICLE XII

Miscellaneous

12.1 Indemnification. The Company shall indemnify and hold harmless each member of the Committee and any other person acting on its behalf, against any and all expenses and liabilities arising out of his or her administrative functions or fiduciary responsibilities, excepting only expenses and liabilities arising out of the individual’s own willful misconduct or lack of good faith. Expenses against which such person shall be indemnified hereunder include, without limitation, the amounts of any settlement or judgment, costs, counsel, fees and related charges reasonably incurred in connection with a claim asserted or a proceeding brought or settlement thereof.

12.2 Effective Date. This amendment to and restatement of the Plan shall become operative and effective as of the Effective Date (or such other date or dates as may be specified herein) and shall continue until amended or terminated as provided in Article XI.

12.3 Withholding Taxes. The Company shall have the right to deduct from any payments made under this Plan, any federal, state or local taxes required by law to be withheld with respect to such payments.

12.4 Nonalienation of Benefits. Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, attachment, garnishment, execution or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of the Member, prior to actually being received; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits subject to the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder shall be void and without any force and effect.

12.5 Severability. If any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; rather, each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

12.6 Jurisdiction and Applicable Law. The situs of the Plan hereby created is Tennessee. All provisions of the Plan shall be construed in accordance with the laws of Tennessee except to the extent preempted by federal law. This Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986 and the Final Treasury Regulations promulgated thereunder, and shall be interpreted in accordance with such intent.

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IN WITNESS WHEREOF, the undersigned has caused this amended and restated Plan to be executed this 2nd day of December 2008, effective as of January 1, 2009.

Cracker Barrel Old Country Store, Inc.

By: John W. Rains

Title: VP Compensation & Benefits

Exhibit 10(cc)

RESOLUTIONS APPROVING
AMENDMENT TO THE
CRACKER BARREL OLD COUNTRY STORE, INC.
DEFERRED COMPENSATION PLAN

WHEREAS, Cracker Barrel Old Country Store, Inc. (the “Company”) maintains the Cracker Barrel Old Country Store, Inc. Deferred Compensation Plan (the “Plan”) to provide retirement and incidental benefits for certain outside directors of the Company; and

WHEREAS, under Article X of the Plan, the Company, acting by and through its Board of Directors, may amend the Plan; and

WHEREAS, the Company now wishes to amend the Plan.

NOW, THEREFORE, effective as of the date of adoption of this Amendment, the Plan shall be amended as follows:

1. Section 3.2 of the Plan shall be amended in its entirety and restated to read as follows:

> 3.2 Election. Any Member may file an Election to defer receipt of an integral percentage or sum certain (in an even $1,000 amount) of the Member's Compensation for any Plan Year.
>
> (a) Timing and Content of Election. A Member’s Election to defer receipt of Compensation for any Plan Year shall be made prior to the beginning of such Plan Year, shall be irrevocable for such Plan Year, and shall specify the time and form of payment of the portion of the Member's Account attributable to amounts allocated to the Member's Account for the Plan Year.
>
> (b) Method of Effecting Election. The reduction in a Member’s Compensation pursuant to such Election shall be effected by substantially equal Compensation reductions as of each payroll period within the Plan Year.
>
> (c) Duration of Election. With respect to the amount of a Member's elective deferral contributions to the Plan, any Election filed pursuant to this Section 3.2 shall, unless otherwise specified in the Election, remain in effect for each subsequent Plan Year until revoked or superseded by a subsequent Election. With respect to the time and form of payment of a Member's Account, any Election shall be irrevocable with respect to the contributions to which it applies, except where such time and form of payment may be modified in accordance with Article VII and the Treasury Regulations.

2. In all other respects, the Plan shall remain unchanged.

Exhibit 10(ff)

CONSULTING AGREEMENT

THIS AGREEMENT (the “Agreement”) is made as of this 12th day of September, 2011 by and between Terry Maxwell, a natural person resident in Trousdale County, TN and his heirs, assigns, executors, agents and representatives (the “Executive”) on the one side, and Cracker Barrel Old Country Store, Inc. (together with its subsidiaries and affiliates hereinafter referred to as “CBRL”) on the other;

WITNESSETH:

WHEREAS, Executive has been employed as the Senior Vice-President -Retail of CBRL; and

WHEREAS, Executive is eligible to retire and receive benefits under various compensation programs of CBRL; and

WHEREAS, the Executive has indicated his desire to retire and leave all officer positions with CBRL, effective January 27, 2012 (the “Employment Termination Date”), and

WHEREAS, CBRL wishes to secure Executive’s continuing services for a period of time following the Employment Termination Date and to provide certain other benefits to Executive in view of his long service to CBRL and its subsidiaries; and

WHEREAS, Executive and CBRL are parties to that certain Change in Control Agreement (the “Retention Agreement”), dated as of August 14, 2006; and

WHEREAS, it is the desire of CBRL and the Executive to set forth herein their mutual agreement with respect to all matters relating to (i) the Executive’s retirement and resignation as an officer of CBRL, (ii) the termination of the Retention Agreement; (iii) the terms under which Executive will act as a consultant to CBRL following the Employment Termination Date; and (iv) the Executive’s release of claims, all upon the terms set forth herein;

NOW, THEREFORE, for and in consideration of the mutual covenants and promises contained herein, the parties hereby agree as follows:

1. Termination of Employment and Retention Agreement. The Executive shall resign his position as Senior Vice President – Retail and any other position that he may hold with CBRL effective as of the Employment Termination Date. The Executive’s employment with CBRL will continue until the close of business on the Employment Termination Date. Until such time, Executive will continue to perform services in accordance with his position and responsibilities and he will continue to be paid the monthly equivalent of his current annual salary, on a semi-monthly basis, until the Employment Termination Date. Upon the Employment Termination date, Executive will resign his employment and his employment with CBRL shall terminate. The Retention Agreement shall terminate on the Employment Termination Date and neither CBRL nor the Executive shall have any further rights or obligations thereunder. Following the Employment Termination Date, the respective rights and obligations of the parties shall be governed by the terms of this Agreement; *provided, however*, that notwithstanding the foregoing, in the event Executive, prior to the Employment Termination Date becomes eligible for benefits pursuant to Section 3 of the Retention Agreement, then this Agreement shall not become effective and Executive shall receive only the benefits provided by the Retention Agreement.

2. Consulting; Cooperation. For a period from January 27, 2012 through and including May 31, 2013 (or such earlier date if CBRL terminates the consulting relationship as set forth below; the "Consulting Term") CBRL and Executive agree that he will serve as a consultant to CBRL on special projects as requested by CBRL in all matters related to his prior employment with CBRL. Executive shall provide up to ten (10) days per month during the Consulting Term of consultation/meetings with respect to such matters. These time requirements are non-cumulative and shall be reasonably convenient to Executive's schedule, as determined in good faith by Executive. If Executive is requested to provide more consultation/meetings than the time specified during any month of the Consulting Term, Executive may agree to do so upon such terms as the parties agree; however, Executive shall have no obligation in this regard. If Executive fails or refuses to provide the consulting services provided in this Section 2, CBRL may terminate the consulting arrangement; *provided, however*, that notwithstanding the forgoing, CBRL shall not be entitled to terminate the consulting arrangement: (a) if such failure is due to the death or disability of the Executive; or (b) in any situation other than death or disability, unless CBRL shall first have given Executive five (5) business days prior notice (which notice shall describe the failure or refusal of Executive) and Executive shall not cure such failure or refusal during said five (5) business day period. For purposes of this Agreement, "disability" shall mean the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan sponsored by CBRL and which covers employees of CBRL or (iii) is determined to be totally disabled by the Social Security Administration.

3. Payments and Benefits. Provided that the Executive has executed and delivered to CBRL on or prior to the Employment Termination Date, and has not revoked during the seven day revocation period following the Employment Termination Date ("the Revocation Period"), the general release referred to in Section 9 hereof and attached hereto as Attachment A (the "Release"), CBRL shall make the payments and provide the benefits set forth in this Section 3.

(a) Subject to early termination or acceleration pursuant to Section 10, CBRL will pay Executive at the rate of $15,011.58, semi-monthly, for sixteen (16) consecutive months, in accordance with CBRL's regular payroll policies with such payments commencing on the first regularly scheduled pay period which occurs after the expiration of the Revocation Period. In the event of the death or disability of Executive, the foregoing payments will continue to be made to Executive's estate, heirs, or conservator, as applicable. CBRL will have the right to deduct from compensation payable to Executive under this Agreement, social security taxes, and all federal, state, and municipal taxes and charges as may now be in effect and that may be enacted or required after the effective date of this Agreement as charges on the compensation of Executive. CBRL will be responsible for the payment of any employer matching amounts of such taxes.

(b) Throughout the course of his employment, Executive has received awards under various equity plans (collectively, the "Equity Awards"). Executive and CBRL agree that to the extent there are such Equity Awards which are currently scheduled to vest in 2012 (during the Consulting Term), such Equity Awards shall continue to vest as set forth in Attachment B and shall become payable or exercisable in accordance with the terms of the applicable plans, provided Executive continues to provide the services described in Section 2 throughout the Consulting Term.

(c) Until the earlier of: (i) the end of the Consulting Term or (ii) Executive’s obtaining other employment at which he receives health insurance benefits irrespective of their scope and coverage, CBRL, subject to Executive’s payment of contributions applicable to plan participants, shall continue to provide all group health and life insurance benefits for Executive and his dependents at the same level as for other CBRL senior level executives. Afterwards, CBRL will have no obligation to provide further life insurance benefits, but upon payment of the appropriate premiums, Executive will have the right to continue his participation in CBRL’s group health coverage plan under the applicable COBRA regulations. Executive shall not be entitled to any other benefits as a consultant to CBRL.

(d) Executive will be paid any bonus earned under the CBRL FY2012 Annual Bonus Plan (“ABP”), in accordance with the terms of, and at the time specified in, the ABP, prorating, for purposes of service under the ABP, Executive’s Employment through the Employment Termination Date. Executive’s services as a Consultant pursuant to Section 2 of this Agreement shall not count in the determination of any employment or service requirement for an award under the ABP.

(e) CBRL shall reimburse Executive for his reasonable out-of-pocket expenses in connection with his activities and the services that he is requested to perform under Section 2; provided that the request for reimbursement of such expenses is accompanied by documentation satisfactory to CBRL and, provided further, that any expense in excess of $500.00 must be approved in advance in writing by CBRL.

(f) CBRL shall deduct from the amounts payable to the Executive pursuant to this Agreement the amount of all required federal, state and local withholding taxes in accordance with the Executive’s Form W-4 on file with CBRL, and all applicable federal employment taxes.

4. Application of Code Section 409A.

(a) CBRL shall report all payments and other benefits paid or provided pursuant to Section 2 and Section 3 of this Agreement to the extent required by, and in accordance with, Section 409A (“Section 409A”) of the Internal Revenue Code of 1986, as amended (the “Code”). In the event that CBRL or the Executive reasonably and in good faith determines that any payment to be made or benefit to be provided to the Executive hereunder would result in the application of Section 409A, CBRL shall, in consultation with the Executive, modify the Agreement to the extent possible and in the least restrictive manner reasonably available in order to exclude such compensation from the definition of “deferred compensation” within the meaning of such Section 409A or in order to comply with the provisions of Section 409A and/or any rules, regulations or other regulatory guidance issued under such statutory provision and without any diminution in the value of the payments to the Executive. Notwithstanding the foregoing, under no circumstance shall CBRL be responsible for any taxes, penalties, interest or other losses or expenses incurred by the Executive due to any failure to comply with Section 409A, or for any interest on account of any delay in payment deemed necessary to comply with Section 409A.

(b) It is intended that (i) each payment or installment of payments provided under this Agreement is a separate "payment" for purposes of Section 409A of the Code, and (ii) that the payments satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code, including those provided under Treasury Regulations 1.409A-1(b)(4) (regarding short-term deferrals), 1.409A-1(b)(9)(iii) (regarding the two-times, two (2) year exception) and 1.409A-1(b)(9)(v) (regarding reimbursements and other separation pay). Notwithstanding anything to the contrary herein, if it is determined (i) that on the date of Executive's "separation from service" (as such term is defined under Treasury Regulation 1.409A-1(h)) or at such other time that CBRL determines to be relevant, Executive is a "specified employee" (as such term is defined under Treasury Regulation 1.409A-1(i)(1)) of CBRL, and (ii) that any payments to be provided to Executive pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six (6) months after the date of Executive's "separation from service" (as such term is defined under Treasury Regulation 1.409A-1(h)) or, if sooner, the date of Executive's death. Any payments delayed pursuant to this Section 4(b) shall be made in a lump sum on the first day of the seventh month following Executive's "separation from service" (as such term is defined under Treasury Regulation 1.409A-1(h)) or, if sooner, the date of Executive's death. It is intended that this Agreement shall comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto so as not to subject Executive to the payment of additional taxes and interest under Section 409A of the Code. In furtherance of this intent, this Agreement shall be interpreted, operated, and administered in a manner consistent with these intentions.

(c) To the extent that any reimbursement, fringe benefit or other, similar plan or arrangement in which Executive participates during the term of Executive's employment under this Agreement (including any reimbursements under Section 3(e) hereof) or thereafter provides for a "deferral of compensation" within the meaning of Section 409A of the Code, such payments shall be made in accordance with Section 1.409A-3(i)(1)(iv) of the Treasury Regulations, including (i) the amount eligible for reimbursement or payment under such plan or arrangement in one calendar year may not affect the amount eligible for reimbursement or payment in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), (ii) subject to any shorter time periods provided herein or the applicable plans or arrangements, any reimbursement or payment of an expense under such plan or arrangement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to any reimbursement or in-kind benefit is not subject to liquidation or exchange for another benefit.

(d) Except for any disgorgement or forfeiture of benefits provided for under this Agreement, including Section 10(a) herein, in no event shall any payment under this Agreement that constitutes "deferred compensation" for purposes of Section 409A of the Code and the Treasury Regulations promulgated thereunder be subject to offset by any other amount unless otherwise permitted by Section 409A of the Code.

(e) For the avoidance of doubt, any payment due under this Agreement within a period following Executive’s termination of employment or other event, shall be made on a date during such period as determined by CBRL in its sole discretion.

(f) By accepting this Agreement, Executive hereby agrees and acknowledges that CBRL does not make any representations with respect to the application of Section 409A of the Code to any tax, economic or legal consequences of any payments payable to Executive hereunder. Further, by the acceptance of this Agreement, Executive acknowledges that (i) Executive has obtained independent tax advice regarding the application of Section 409A of the Code to the payments due to Executive hereunder, (ii) Executive retains full responsibility for the potential application of Section 409A of the Code to the tax and legal consequences of payments payable to Executive hereunder and (iii) CBRL shall not indemnify or otherwise compensate Executive for any violation of Section 409A of the Code that my occur in connection with this Agreement.

5. Acknowledgment. Executive agrees that none of CBRL or any of its predecessors, successors (by merger or otherwise), parents, subsidiaries, affiliated entities, divisions and assigns, together with each and every of their present, past and future officers, directors, shareholders, general partners, limited partners, employees and agents and the heirs and executors of same (herein collectively referred to as the “Company Group”) has breached any oral or written contract that may have existed between Executive and CBRL or any member of the Company Group with respect to his employment or termination of employment nor has any of CBRL or any member of the Company Group, violated any law, statute, rule regulation or ordinance of any governmental authority relating to Executive’s employment. Executive acknowledges that the payments and other consideration paid hereunder can not and shall not be construed as any admission of liability or wrongdoing on the part of either CBRL or any member of the Company Group. Executive further acknowledges and agrees that the payments and other benefits being received by him pursuant to this Agreement are in lieu of and satisfy any claim that he might have had under the Retention Agreement or any other CBRL policy or practice. Executive understands that the release provided for in this Agreement extends to all of the aforementioned claims and potential claims which arose on or before the date of the execution of this Agreement and that may arise on or before the Employment Termination Date, whether now known or unknown, suspected or unsuspected, and his participation as a member of any class asserting any such claims, and that this acknowledgement and release constitute essential terms of this Agreement. Executive understands and acknowledges the significance and consequence of this Agreement and of each specific release and waiver, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims, demands, obligations, and causes of action, if any, as well as those relating to any other claims, demands, obligations or causes of action herein above-specified.

6. Reinstatement. Executive hereby waives any right or claim he may have to employment, re-instatement, re-assignment or re-employment with CBRL or the Company Group other than the consulting arrangement described and set forth in Section 2 of this Agreement. Executive acknowledges and agrees that he has no right to be retained beyond the Consulting Term and CBRL is retaining him for a discrete and limited engagement. Executive’s acknowledgement and agreement as to these matters are material inducements for CBRL’s making certain other of its agreements including, without limitation, the payments in Section 3.

7. Publicity; No Disparaging Statements.

7.1 Executive agrees that he shall not make or authorize any disparaging communications with respect to CBRL any member of the Company Group or any of their respective officers, directors or employees, past or present. To the extent that the foregoing prohibition might be applicable, it is not intended to prevent Executive from giving testimony pursuant to compulsory process of law. In determining what constitutes "compulsory process of law," Executive may rely on advice of counsel of his choice and his expense.

7.2 At any time following the Employment Termination Date, CBRL shall not make any disparaging statements, announcements or disclosures, except as may be required by law, of any information detrimental to Executive. The determination whether any disclosure is required by law shall be made by CBRL in its sole discretion.

8. Business Protection Provisions.

8.1 Preamble. As a material inducement to CBRL to enter into this Agreement, and its recognition of the valuable experience, knowledge and proprietary information Executive gained from his employment with CBRL, Executive warrants and agrees he will abide by and adhere to the following business protection provisions in this Section 8 and all sub-sections thereof.

8.2 Definitions. For purposes of this Section 8 and all sub-sections thereof, the following terms shall have the following meanings:

(a) "Competitive Position" shall mean any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between Executive and any person or Entity engaged, wholly or in material part, or that is an investor or prospective investor in an Entity that is engaged wholly or in material part in the restaurant business that is the same or similar to that in which CBRL or any of CBRL's subsidiaries or affiliates (collectively the "CBRL Entities") is engaged, at the Employment Termination Date, whereby Executive is required to or does perform services on behalf of or for the benefit of such person or Entity which are substantially similar to the services in which Executive participated or that he directed or oversaw while employed by CBRL.

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

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

(d) “Restricted Period” shall mean the twenty-four (24) month period following the Employment Termination Date; *provided*, *however* that the Restricted Period shall be extended for a period of time equal to any period(s) of time within the twenty-four (24) month period following the Employment Termination Date that Executive is determined by a final non-appealable judgment from a court of competent jurisdiction to have engaged in any conduct that violates this Section 8 or any sub-sections thereof, the purpose of this provision being to secure for the benefit of CBRL the entire Restricted Period being bargained for by CBRL for the restrictions upon Executive’s activities.

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

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

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

8.3 Nondisclosure; Ownership of Proprietary Property.

(a) In recognition of the need of the CBRL Entities to protect their legitimate business interests, Confidential Information and Trade Secrets, Executive hereby covenants and agrees that Executive shall regard and treat Trade Secrets and all Confidential Information as strictly confidential and wholly-owned by the CBRL Entities and shall never, for any reason, in any fashion, either directly or indirectly, use, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, reproduce, copy, misappropriate or otherwise communicate any such item or information to any third party or Entity for any purpose other than in accordance with this Agreement or as required by applicable law, court order or other legal process.

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

(c) All Work Product shall be owned exclusively by the CBRL Entities. To the greatest extent possible, any Work Product shall be deemed to be "work made for hire" (as defined in the Copyright Act, 17 U.S.C. §§ 101 et seq., as amended), and Executive hereby unconditionally and irrevocably transfers and assigns to the applicable CBRL Entity all right, title and interest Executive currently has or may have by operation of law or otherwise in or to any Work Product, including, without limitation, all patents, copyrights, trademarks (and the goodwill associated therewith), trade secrets, service marks (and the goodwill associated therewith) and other intellectual property rights. Executive agrees to execute and deliver to the applicable CBRL Entity any transfers, assignments, documents or other instruments which CBRL may deem necessary or appropriate, from time to time, to protect the rights granted herein or to vest complete title and ownership of any and all Work Product, and all associated intellectual property and other rights therein, exclusively in the applicable CBRL Entity.

(d) Executive also recognizes that all writings, illustrations, drawings and other similar materials which embody or otherwise contain Trade Secrets, Confidential Information or Work Product that any CBRL Entity may have produced during his employment or which may have been given to Executive in connection with his employment are the property of CBRL, and it is Executive's obligation to immediately return any such materials to CBRL.

8.4 Non-Interference With Executives; Non-solicitation of Employees. Executive recognizes and acknowledges that, as a result of his employment by CBRL, he has become familiar with and has acquired knowledge of confidential information and certain other information regarding the other executives and employees of the CBRL Entities. Therefore, Executive agrees that, during the twenty-four (24) month period (the "Non-solicitation Period") following the Employment Termination Date, Executive shall not encourage, solicit or otherwise attempt to persuade any person in the employment of the CBRL Entities to end his/her employment with a CBRL Entity or to violate any confidentiality, non-competition or employment agreement that such person may have with a CBRL Entity or any policy of any CBRL Entity. Furthermore, neither Executive nor any person acting in concert with Executive (and with Executive's knowledge) shall, during the Non-solicitation Period, employ any person who has been employee (above unit-level manager) of any CBRL Entity unless that person has ceased to be an employee of the CBRL Entities for at least six (6) months. Executive also shall not communicate in any manner whatsoever, whether directly or indirectly, with any executive employee of a CBRL Entity on the topic of the individual's employment with a CBRL Entity, his or her plans for employment in the future, or his or her employment with any other entity, other than to say Executive is unable to engage in any such discussions. Executive may request that the restrictions set forth in this Section 8.4 be waived as to any employee whose employment has been involuntarily terminated by CBRL; *provided, however*, that the decision whether to waive such restriction shall be in CBRL's sole discretion and shall not be binding upon CBRL unless such waiver is evidenced by a written agreement that has been executed and delivered by, and is legally binding on, CBRL and the Executive, which, if agreed to by CBRL, may also include terms and conditions that CBRL in its sole discretion are reasonably necessary under the circumstances.

8.5 Non-competition. Executive covenants and agrees to not obtain or work in a Competitive Position within the Territory during the applicable Restricted Period. In the event that the Executive is uncertain as to whether any arrangement or proposed arrangement with any Entity would constitute a prohibited Competitive Position, the Executive shall notify CBRL in writing of such arrangement or proposed arrangement, and CBRL shall, within thirty (30) days following its receipt of such notice, advise the Executive in writing as to whether such arrangement or proposed arrangement would constitute a prohibited Competitive Position. CBRL's approval of any arrangement or proposed arrangement pursuant to the preceding sentence will be evidenced exclusively by a written agreement that has been executed and delivered by, and is legally binding on, CBRL and the Executive, which may include terms and conditions that CBRL deems reasonably necessary to preserve its goodwill and the confidentiality of the Confidential Information in accordance with this Agreement, and other terms and conditions that CBRL determines in its sole discretion are reasonably necessary under the circumstances. Also, in the event that it is determined that an Entity with which Executive has an arrangement has, without any knowledge of or participation by the Executive, engaged in any activity that would violate this Section 8.5 had Executive known of or participated in the activity, Executive shall be deemed not to have violated this section 8.5 if Executive, within thirty (30) days after becoming aware of such activity (including should Executive receive thereof from CBRL), severs completely his arrangement with such Entity.

8.6 Standstill. Executive covenants and agrees that, during the Non-solicitation Period, he will not in any manner (i) acquire, agree to acquire, or make any proposal (or request permission to make any proposal) to acquire any securities (or direct or indirect rights, warrants, or options to acquire any securities) or property (including the stock or assets of any of CBRL's subsidiaries) of CBRL (other than property transferred in the ordinary course of CBRL's business), unless such acquisition, agreement, or making of a proposal shall have been expressly first approved by (or in the case of a proposal, expressly first invited by) CBRL's Board of Directors, (ii) solicit proxies from CBRL's shareholders or otherwise seek to influence or control the management or policies of CBRL or any of its affiliates or subsidiaries or cooperate, or (iii) assist (including by knowingly providing or arranging financing for that purpose) any other person or Entity in doing any of the foregoing. The Executive will not have violated or be deemed to have violated this Section 8.6 solely as a result of (i) the Executive's investment in capital stock or other securities of CBRL if listed on a national securities exchange or actively traded in the over-the-counter market if the Executive, the members of the Executive's immediate family and their respective affiliates and associates together do not, directly or indirectly, hold more than two percent of all such shares of capital stock or other securities issued and outstanding.

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

9. Release. On the Employment Termination Date, the Executive and CBRL will execute and deliver a General Release in the form attached hereto as Attachment A.

10. Remedies; Indemnification of Executive.

(a) Executive understands and acknowledges that his violation of Section 7.1 or Section 8 or any sub-section thereof would cause irreparable harm to CBRL and CBRL would be entitled to an injunction by any court of competent jurisdiction enjoining and restraining Executive from any employment, service, or other act prohibited by this Agreement. The parties agree that nothing in this Agreement shall be construed as prohibiting CBRL from pursuing any remedies available to it for any breach or threatened breach of Section 7.1 or Section 8 or any sub-section thereof, including, without limitation, the recovery of actual damages from Executive or any person or entity acting in concert with Executive. CBRL shall receive injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived by Executive. If any part of Section 7.1 or Section 8 or any sub-section thereof is found to be unreasonable, then it may be amended by appropriate order of a court of competent jurisdiction to the extent deemed reasonable. Furthermore and in recognition that certain provisions in this Agreement are being agreed to by CBRL in reliance upon Executive's compliance with Sections 7.1 and 8, in the event of a breach by Executive of any of the provisions of Section 7.1 or Section 8 or any sub-sections thereof, damages to CBRL would be difficult to determine and, in the event of such breach by Executive, the Consulting Term shall immediately terminate without any action on the part of CBRL and: (a) CBRL shall be released from its obligation to make any further payments or provide benefits to Executive under Section 3 hereof; (b) CBRL shall be released from its obligations under Section 7.2 hereof, and (c) any Equity Awards shall cease to vest as of the date of such breach, and the unvested portion thereof shall be immediately forfeited and thereafter not be distributed to Executive, or be exercisable by Executive, as applicable. If either CBRL or Executive brings suit to compel performance of, to interpret, or to recover damages for the breach of this Agreement, the prevailing party in such litigation shall be entitled to recover its reasonable attorneys' fees in addition to costs and necessary disbursements otherwise recoverable. Additionally, if Executive breaches any of the provisions of Section 8, the value of any Equity Awards that vested during the Consulting Term that are received by Executive shall be disgorged to CBRL.

(b) In recognition that certain provisions in this Agreement are being agreed to by Executive in reliance upon CBRL's compliance with Sections 3 and 7.2, in the event of a breach by CBRL of any of the provisions of Section 3 or any subsections thereof or Section 7.2, Executive will be entitled, at his option, to: (i) a release from his obligations to provide further consulting services under Section 2; (ii) a release from his obligations and restrictions provided for in Section 8; (iii) to the extent permitted by Section 409A of the Code, accelerate the payment of all amounts under Section 3(a); and (iv) to the extent provided for in the Omnibus Plan, accelerate the receipt of and immediately vest any then unvested Equity Awards that would have vested during the Consulting Term; *provided, however*, that notwithstanding the forgoing, Executive shall not be entitled to the releases set forth in subsections (i) and (ii) above or the acceleration of Equity Awards set forth in subsections (iii) and (iv) unless Executive shall first have given CBRL five (5) days prior notice (which notice shall describe the breach of CBRL) and CBRL shall not cure such breach during said five (5) day period. The foregoing remedies are in addition to and not in lieu of any other contractual, legal, or equitable remedies that may be available to Executive. If either Executive or CBRL brings suit to compel performance of, to interpret, or to recover damages for the breach of this Agreement, the prevailing party in such litigation shall be entitled to recover its reasonable attorneys' fees in addition to costs and necessary disbursements otherwise recoverable.

(c) CBRL shall defend, hold harmless and indemnify Executive in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a consultant of CBRL during all or any portion of the Consulting Term or provided services to CBRL against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of CBRL and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Notwithstanding the preceding sentence, no indemnity shall be paid by CBRL: (i) in connection with any proceeding by or in the right of CBRL in which Executive is adjudged liable to CBRL; (ii) if a final judgment or other final adjudication by a court having jurisdiction in the matter shall determine that such indemnity is not lawful; or (iii) in connection with any proceeding charging improper personal benefit to Executive if a final judgment or other final adjudication by a court having jurisdiction in the matter shall determine that such personal benefit was improper.

11. Successors. This Agreement shall inure to the benefit of and be enforceable by the Executive and by the Executive's personal or legal representatives, executors and administrators and by CBRL and its successors and assigns. In the event of the death or disability of the Executive while any amounts are payable to the Executive hereunder, all such amounts, unless otherwise provided herein, shall continue to be paid in accordance with the terms of this Agreement to such person or persons designated in writing by the Executive to receive such amounts or, if no person is so designated, to the Executive's estate or personal representative, as the case may be. The effect of the death or disability of the Executive on the Potential Options and the Restricted Shares shall be determined by reference to the terms of the applicable plans and agreements for those matters including, without limitation, the Omnibus Plan.

12. No Admissions. Neither the execution of this Agreement by CBRL nor the terms hereof constitutes an admission by CBRL, or by any agent or employee of CBRL or the Company Group, of liability or unlawful conduct in any manner.

13. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and shall be binding upon their respective heirs, executors, administrators, successors and assigns.

14. Severability. If any term or provision of this Agreement shall be held to be invalid or unenforceable for any reason, then such term or provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remaining terms or provisions hereof, and such term or provision shall be deemed modified to the extent necessary to make it enforceable.

15. Advice of Counsel. Executive represents and warrants:

(a) That he has carefully read this Agreement, and understands its contents, meaning and intent; and

(b) That, understanding this document, he has freely and voluntarily executed it with the advice of counsel aforesaid, without compulsion, coercion or duress.

16. Amendments. Neither this Agreement nor any term hereof may be orally changed, waived, discharged, or terminated, and may be amended only by a written agreement signed by both of the parties hereto.

17. Governing Law. This Agreement shall be governed by the laws of the State of Tennessee without regard to the conflict of law principles of any jurisdiction.

18. Legally Binding. The terms of this Agreement contained herein are contractual and not mere recitals.

IN WITNESS WHEREOF, the parties acknowledging that they are acting of their own free will have voluntarily caused the execution of this Agreement as of this day and year written below.

EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT, UNDERSTANDS IT, AND IS VOLUNTARILY ENTERING INTO IT.

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ANY AND ALL KNOWN AND UNKNOWN CLAIMS.

/s/Terry Maxwell
Terry Maxwell
Date: Sept. 12, 2011

CRACKER BARREL OLD COUNTRY STORE, INC.

By: /s/N.B.F. Shoaf
Title: SVP
Date: 12 Sep 2011

ATTACHMENT A

GENERAL RELEASE

Cracker Barrel Old Country Store, Inc., a Tennessee corporation ("CBRL"), and Terry Maxwell (the "Executive") enter into this Release (this "Release") on the 27th day of January, 2012.

WITNESSETH

WHEREAS, CBRL and the Executive are parties to an Agreement dated as of September __, 2011 (the "Consulting Agreement");

WHEREAS, as a condition to the receipt of certain benefits to be paid following the date of this Release (the "Benefits") under the Consulting Agreement and in consideration for the execution and delivery of this Release by CBRL, the Executive has agreed to execute and deliver this Release; and

WHEREAS, in consideration for the agreements and covenants of the Executive contained in the Consulting Agreement and the execution and delivery of this Release by the Executive, CBRL has agreed to execute and deliver this Release.

NOW THEREFORE, in consideration of the covenants and mutual promises herein contained, it is agreed as follows:

1. The Executive, on behalf of the Executive and anyone claiming through the Executive, hereby agrees not to sue or authorize or allow suit to be brought against CBRL or any of its divisions, subsidiaries, affiliates or other related entities of the above specified entities (whether or not such entities are wholly owned) or any of the past, present or future directors, officers, administrators, trustees, fiduciaries, employees, agents or attorneys of CBRL or any of such other entities, or the predecessors, successors or assigns of any of them (hereinafter referred to as the "Released Parties"), and hereby releases and discharges, fully, finally and forever, the Released Parties from any and all claims, causes of action, lawsuits, liabilities, debts, accounts, covenants, contracts, controversies, agreements, promises, sums of money, damages, judgments and demands of any nature whatsoever, in law or in equity, both known and unknown, asserted or not asserted, foreseen or unforeseen, which the Executive ever had or may presently have against any of the Released Parties arising from the beginning of time up to and including the date on which this Release is signed and delivered to CBRL, including, without limitation, all matters in any way related to the Executive's employment by CBRL, the terms and conditions thereof, the Retention Agreement (as such term is defined in the Consulting Agreement), any failure to promote the Executive and the termination or cessation of the Executive's employment with CBRL, and including, without limitation, any and all claims arising under the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Civil Rights Act of 1866, the Age Discrimination in Employment Act of 1967, as amended, the Older Workers' Benefit Protection Act of 1990, the Family and Medical Leave Act, the Americans With Disabilities Act, the Employee Retirement Income Security Act of 1974, the Tennessee Human Rights Act, the Tennessee Employment of the Handicapped Act, the Genetic Information Nondiscrimination Act, the Employee Retirement Income Security Act of 1974, as amended, the Equal Pay Act of 1963, as amended, Section 409A of the Internal Revenue Code of 1986, as amended or any other federal, state, local or foreign statute, regulation, ordinance or order, or pursuant to any common law doctrine; *provided, however*, that nothing contained in this Release shall apply to, or release CBRL from any obligation (i) contained in the Consulting Agreement or this Release, (ii) to indemnify Executive as required by T.C.A §48-18-507 and CBRL's bylaws or (iii) with respect to any vested benefit with respect to the Executive pursuant to any employee benefit or equity plan of CBRL other than any severance or retention program or practice. The Executive acknowledges that the consideration offered in connection with the Consulting Agreement was and is in part for this Release and such portion of such consideration is accepted by the Executive as being in full accord, satisfaction, compromise and settlement of any and all claims or potential claims, and the Executive expressly agrees that the Executive is not entitled to, and shall not receive, any further recovery of any kind from CBRL or any of the other Released Parties, and that in the event of any further proceedings whatsoever based upon any matter released herein, neither CBRL nor any of the other Released Parties shall have any further monetary or other obligation of any kind to the Executive, including any obligation for any costs, expenses or attorneys' fees incurred by or on behalf of the Executive, except as provided in the Consulting Agreement or in this Release. While this Release does not prevent the Executive from filing a Charge of Discrimination with the United States Equal Employment Opportunity Commission, he hereby waives any claim to damages or personal equitable relief in the event such a Charge is filed by him or on his behalf.

2. The Executive expressly represents and warrants that he is the sole owner of the actual and alleged claims, demands, rights, causes of action and other matters that are released herein, that the same have not been transferred or assigned or caused to be transferred or assigned to any other person, firm, corporation or other legal entity, and that he has the full right and power to grant, execute and deliver the general release, undertakings and agreements contained herein.

3. THE EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS THE EXECUTIVE MAY HAVE AS OF THE DATE THE EXECUTIVE SIGNS THIS RELEASE REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 (“ADEA”). THE EXECUTIVE FURTHER AGREES: (A) THAT THE EXECUTIVE’S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKER’S BENEFIT PROTECTION ACT OF 1990; (B) THAT THE EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (C) THAT CERTAIN BENEFITS CALLED FOR IN THE CONSULTING AGREEMENT TO BE PAID FOLLOWING THE DATE OF THIS RELEASE WOULD NOT BE PROVIDED TO ANY EXECUTIVE TERMINATING HIS OR HER EMPLOYMENT WITH CBRL WHO DID NOT SIGN A RELEASE SIMILAR TO THIS RELEASE, THAT SUCH BENEFITS WOULD NOT HAVE BEEN PROVIDED IN THEIR ENTIRETY HAD THE EXECUTIVE NOT SIGNED THIS RELEASE, AND THAT SUCH BENEFITS ARE IN EXCHANGE IN PART FOR THE SIGNING OF THIS RELEASE; (D) THAT THE EXECUTIVE HAS BEEN ADVISED AND ENCOURAGED IN WRITING BY CBRL TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (E) THAT CBRL HAS GIVEN THE EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (F) THAT THE EXECUTIVE REALIZES THAT FOLLOWING THE EXECUTIVE’S EXECUTION OF THIS RELEASE, THE EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (G) THAT THIS RELEASE SHALL BE VOID AND OF NO FORCE AND EFFECT IF THE EXECUTIVE CHOOSES TO SO REVOKE, AND IF THE EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS RELEASE THEN BECOMES EFFECTIVE AND ENFORCEABLE.

4. CBRL hereby releases the Executive from any and all claims, demands or causes of action of any kind that it now has or hereafter may have against the Executive arising out of or related to the Executive’s employment or association with CBRL, with the exception of claims, demands or causes of action arising out of or related to criminal acts, fraud or knowing wrongful conduct, that arise out of or relate to any occurrences prior to the date of this Release; *provided, however*, that nothing contained in this Release shall apply to, or release the Executive from, any obligation contained in the Consulting Agreement or this Release.

5. The Consulting Agreement and this Release constitute the entire agreement and understanding between the parties. The Executive has not relied on any oral statements that are not expressly stated in the Consulting Agreement or this Release.

6. This Release shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Tennessee without regard to the principle of conflicts of laws.

EXECUTIVE

____
Terry Maxwell

CRACKER BARREL OLD COUNTRY STORE, INC.

____
Chief Executive Officer

EXHIBIT 21

Subsidiaries of the Registrant

The following is a list of the significant subsidiaries of the Registrant as of July 29, 2011, all of which are wholly-owned:

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

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567, 33-45482, 333-01465, 333-63442, 333-71384, 333-81063, 333-111364 and 333-174744 on Form S-8 of our reports dated September 27, 2011 relating to the consolidated financial statements of Cracker Barrel Old Country Store, Inc., and the effectiveness of Cracker Barrel Old Country Store, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Cracker Barrel Old Country Store, Inc. for the year ended July 29, 2011.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
September 27, 2011

EXHIBIT 31.1

CERTIFICATION

I, Sandra B. Cochran, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: September 27, 2011

/s/Sandra B. Cochran
Sandra B. Cochran, President and
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Lawrence E. Hyatt, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: September 27, 2011

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

Exhibit 32.1

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

In connection with the Annual Report of Cracker Barrel Old Country Store, Inc. (the “Issuer”) on Form 10-K for the fiscal year ended July 29, 2011, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sandra B. Cochran, 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: September 27, 2011

By: /s/Sandra B. Cochran
Sandra B. Cochran
President and Chief Executive Officer

Exhibit 32.2

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

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

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

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

Date: September 27, 2011

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