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

FORM 10-K

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

(Mark One)

[x] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended July 28, 2006

OR

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

For the transition period from _________ to __________

Commission file number
000-25225

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

Tennessee	62-1749513
(State or other jurisdiction of incorporation or organization)	(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) 443-9869

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

Common Stock
(Par Value $.01)

Common Stock Purchase Rights
(No Par Value)

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

None

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Exchange Act Rule 12b-2. (Check one)
Large accelerated filer X   Accelerated filer ____   Non-accelerated filer _____

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

The aggregate market value of voting stock held by nonaffiliates of the registrant, by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter which ended January 27, 2006, was $2,040,470,036. For purposes of this computation, all directors, executive officers and 10% beneficial owners of the registrant are assumed to be affiliates. This assumption is not a conclusive determination for purposes other than this calculation.

As of September 29, 2006, there were 30,976,505 shares of common stock outstanding.

Documents Incorporated by Reference

Document from which Portions are Incorporated by Reference		Part of Form 10-K into which incorporated
1.	Annual Report to Shareholders or the fiscal year ended July 28, 2006 (the “2006 Annual Report”)	Part II
2.	Proxy Statement for Annual Meeting of Shareholders to be held November 28, 2006 (the “2006 Proxy Statement”)	Part III

INTRODUCTION

General

This report contains references to years 2006, 2005, 2004, 2003 and 2002, which represent fiscal years ending or ended July 28, 2006, July 29, 2005, July 30, 2004, August 1, 2003, and August 2, 2002, respectively. All of the discussion and analysis in this report should be read with, and is qualified in its entirety by, the Consolidated Financial Statements and the notes thereto.

Forward Looking Statements/Risk Factors

Except for specific historical information, many of the matters discussed in this Annual Report on Form 10-K, as well as other documents incorporated herein by reference may express or imply projections of revenues or expenditures, plans and objectives for future operations, growth or initiatives, expected future economic performance, or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results which CBRL Group, Inc. (the "Company") expects will or may occur in the future, are forward-looking statements that involve risks, uncertainties and other factors which may cause actual results and performance of the Company 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," "plans," "goals," "objectives," "expectations," "near-term," "long-term," "projection," "may," "will," "would," "could," "expect," "intend," "estimate," "anticipate," "believe," "potential," "regular," or "continue" (or the negative or other derivatives of each of these terms) or similar terminology. The Company believes the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. Factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those listed in Part I, Item 1A below, all of which are incorporated herein by reference, as well as other factors discussed throughout this document, including, without limitation, the factors described under "Critical Accounting Policies and Estimates" in that portion of the 2006 Annual Report that is incorporated by reference into Part II, Item 7 below or, from time to time, in the Company's filings with the SEC, press releases and other communications.

Readers are cautioned not to place undue reliance on forward-looking statements made in this document, since the statements speak only as of the document's date. The Company has no obligation, and does not intend, to publicly update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this document or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any further disclosures the Company may make on related subjects in its documents filed with or furnished to the SEC or in its other public disclosures.

PART I

ITEM 1. BUSINESS

OVERVIEW

CBRL Group, Inc. (the "Company") is a holding company that, through subsidiaries, is engaged in the operation and development of the Cracker Barrel Old Country Store® and Logan's Roadhouse® restaurant and retail concepts. The Company was organized under the laws of the state of Tennessee in August 1998 and maintains an Internet website at cbrlgroup.com. We make available free of charge on or through our Internet website our periodic and other reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (the "Exchange Act") as soon as reasonably practicable after we file such material with, or furnish it to, the SEC.

CONCEPTS

Cracker Barrel Old Country Store

Cracker Barrel Old Country Store, Inc. ("Cracker Barrel"), headquartered in Lebanon, Tennessee, through its various affiliates, as of September 29, 2006, operated 544 full-service "country store" restaurants and gift shops in 41 states. Cracker Barrel stores are intended to appeal to both the traveler and the local customer and consistently have been a consumer favorite. During 2006, for the 16th consecutive year, Cracker Barrel was named the "Best Family Dining Restaurant" in the Restaurants & Institutions magazine "Choice in Chains" annual consumer survey. For the 13th consecutive year, Cracker Barrel was ranked as the "Best Restaurant Chain" by Destinations magazine poll. For the 5th consecutive year, Cracker Barrel was named "The Most RV Friendly Sit-Down Restaurant in America" by The Good Sam Club.

Except for Christmas day, when they are closed, and Christmas Eve when they close at 2:00 p.m., Cracker Barrel restaurants serve breakfast, lunch and dinner daily between the hours of 6:00 a.m. and 10:00 p.m. (closing at 11:00 p.m. on Fridays and Saturdays) and feature home style country cooking from Cracker Barrel's own recipes using quality ingredients and emphasizing authenticity. Menu items are moderately priced and include country ham, chicken, fish, roast beef, beans, turnip greens, vegetable plates, salads, sandwiches, pancakes, eggs, bacon, sausage and grits among other items. The restaurants do not serve alcoholic beverages. The stores are constructed in a trademarked rustic, old country store design with a separate retail area offering a wide variety of decorative and functional items featuring rocking chairs, holiday and seasonal gifts and toys, apparel, cookware and foods, including various old fashioned candies and jellies among other things. Cracker Barrel offers items for sale in the retail store that are also featured on, or related to, the restaurant menu, such as pies or cornbread and pancake mixes. A typical store will offer approximately 3,000 stock-keeping units (SKU's) for sale at any one time. The Company believes that Cracker Barrel achieves high retail sales per square foot as compared to mall stores (over $410 per square foot of retail selling space in 2006) both by offering interesting merchandise and by having a significant source of retail customers from its high volume of restaurant customers, an average of over 7,600 per week in an average store in 2006.

Stores are located primarily along interstate highways; however, as of September 29, 2006, 67 stores are located near "tourist destinations" or are considered "off-interstate" stores. In 2007, Cracker Barrel intends to open approximately 75% of its new stores along interstate highways as compared to 100% in 2006. The Company believes it should focus primarily in the near term on available interstate locations where Cracker Barrel both generates and benefits from the greatest brand awareness. Off-interstate locations are expected to complement Cracker Barrel's efforts to expand the brand in future years. The Company has identified over 500 trade areas for potential future development with characteristics that appear to be consistent with those believed to be necessary to support a successful Cracker Barrel unit.

Logan's Roadhouse

Logan's Roadhouse, Inc. ("Logan's"), headquartered in Nashville, Tennessee, as of September 29, 2006, operated 143 Logan's restaurants in 17 states. Independent franchisees operated an additional 25 Logan's restaurants in four states, including three states where there presently are no Company-operated Logan's restaurants. The Logan's concept is designed to appeal to a broad range of customers by offering generous portions of moderately-priced, high quality food in a very casual, relaxed dining environment that is lively and entertaining. Logan's restaurants feature steaks, seafood, ribs and chicken dishes among other items served in a distinctive atmosphere reminiscent of an American roadhouse of the 1930s and 1940s. In addition to local awards received in communities in which Logan's restaurants operate, in May 2005, Logan's received the Nation's Restaurant News Menu Masters Award for "Best Menu Revamp" for its successful introduction of new and improved appetizers and other menu items including several new seafood items.

Logan's restaurants are open seven days a week, except for Thanksgiving and Christmas Days. Logan's serves lunch and dinner between the hours of 11:00 a.m. and 10:00 p.m. (closing at 11:00 p.m. on Fridays and Saturdays) and offers full bar service. The Logan's menu is designed to appeal to a wide variety of tastes, and emphasizes an assortment of specially seasoned steaks, primarily USDA Choice that are aged and hand-cut on-premises and signature dishes such as baked sweet potatoes and made-from-scratch yeast rolls. The fun atmosphere is enhanced by display cooking of grilled items and buckets of complimentary roasted in-shell peanuts on every table, which guests are encouraged to enjoy and let the shells fall on the floor. Alcoholic beverages represented approximately 9% of Logan's net sales in 2006.

Strategic Initiatives

As previously announced in the Current Report on Form 8-K filed with the SEC on March 17, 2006, the Company, with the assistance of a financial advisor, undertook a review of its capital structure and other potential initiatives intended to enhance shareholder value (the "Review").

The Review, to date, has resulted in: 1) the repurchase of 16,750,000 shares of the Company's common stock at $42.00 per share pursuant to a modified "Dutch Auction" tender offer (the "Tender Offer"); 2) the execution by the Company, effective April 27, 2006, of a $1.25 billion credit facility (the "2006 Credit Facility") including an $800 million term loan facility, a $200 million delayed-draw term loan facility and a $250 million revolving credit facility; and 3) the draw of $725 million under the term loan facility to finance the Tender Offer and the cancellation of the remaining $75 million under the term loan facility. Simultaneously with the term loan draw, the Company entered into an interest rate swap that fixed the interest rate on a portion of the term loan draw at 5.57% plus the Company's then current credit spread, or 7.07% based on today's credit spread, over the 7-year life of the term loan and the interest rate swap. The $200 million delayed-draw term loan facility can be used any time prior to October 27, 2007 to refinance the Company's 3.0% zero-coupon contingently convertible senior notes (the "Senior Notes") or for general corporate purposes. The Company, pursuant to the Review, also announced its intention to divest itself of its wholly-owned subsidiary, Logan's, subject to achieving fair and satisfactory consideration and approval of the Company's Board of Directors. In the event of a divestiture of Logan's, the 2006 Credit Facility requires the Company to maintain a maximum specified consolidated total leverage ratio from the closing date of the divestiture and thereafter. This ratio will determine the minimum excess cash that the Company must use to pay down its term loan. The remaining proceeds of that divestiture could be used to repurchase additional CBRL common stock, to reduce debt further and/or for other general corporate purposes.

Standard & Poor's ("S & P") issued a "credit watch/negative" notice with respect to the Company's indebtedness when the Review was disclosed. Subsequently in March 2006, S & P lowered its rating on the Company's corporate credit and Senior Notes from BBB- to BB+ upon the announcement of the approval of the plan to incur indebtedness and repurchase shares pursuant to the Tender Offer. In May 2006, S & P again lowered the rating on the Senior Notes to B+ reflecting the relatively large amount of secured debt and lowered the rating on the new 2006 Credit Facility to BB while taking the Company off its credit watch. Moody's Investor Service ("Moody's") changed the Company's outlook to "developing" when the Review was disclosed. Subsequently in March 2006, Moody's downgraded the Company's corporate family rating to Ba1 from Baa3, resulting from the Company's entering into the 2006 Credit Facility. At that time, Moody's also placed these ratings under review for possible downgrade. Subsequently in April 2006 as a result of the Company's plan to draw on the 2006 Credit Facility to finance the Tender Offer, Moody's downgraded the Company's Senior Notes to Ba3 from Ba1 and the corporate family rating to Ba2 from Ba1, assigned a rating of Ba2 to the 2006 Credit Facility and assigned a stable rating outlook for the Company.

In the event that either or both of the Company's ratings decline further, the Company may incur an increase in future borrowing costs. Additionally, since the rating from Moody's declined to Ba3 and the Standard & Poor's rating declined below BB- each $1 (face value at maturity) Senior Note became convertible into 10.8584 shares of the Company's common stock (approximately 4.6 million shares in the aggregate). The Company has received verification from the Trustee of the Senior Notes that, as of September 29, 2006, no holders of the Senior Notes have exercised their option to convert. Additionally, the Senior Notes are callable at the Company's election in the third quarter of the Company's 2007 fiscal year or putable at the holder's election at the same time and every fifth anniversary thereafter. The Company has classified the Senior Notes as long-term obligations due to the Company's intent and ability to refinance these Senior Notes on a long-term basis.

OPERATIONS

Cracker Barrel Old Country Store

Store Format: The format of Cracker Barrel stores consists of a trademarked rustic, old country-store style building. All stores are freestanding buildings. Store interiors are subdivided into a dining room consisting of approximately 26% of the total interior store space, and a retail shop consisting of approximately 21% of such space, with the balance primarily consisting of kitchen, storage and training areas. All stores have stone fireplaces, which burn wood except where not permitted. All are decorated with antique-style furnishings and other authentic and nostalgic items, reminiscent of and similar to those found and sold in the past in traditional old country stores. The front porch of each store features rows of the signature Cracker Barrel rocking chairs that can be used by guests waiting for a table and are sold by the retail shop. The kitchens contain modern food preparation and storage equipment allowing for flexibility in menu variety and development.

Products: Cracker Barrel's restaurant operations, which generated approximately 79% of Cracker Barrel's total revenue in 2006, offer home-style country cooking featuring Cracker Barrel's own recipes that emphasize authenticity and quality. The restaurants offer breakfast, lunch and dinner from a moderately priced menu. Breakfast items can be ordered at any time throughout the day and include juices, eggs, pancakes, bacon, country ham, sausage, grits, and a variety of biscuit specialties, such as gravy and biscuits and country ham and biscuits. Prices for a breakfast meal range from $2.29 to $8.49, and the breakfast day-part (until 11:00 a.m.) accounted for approximately 22% of restaurant sales in 2006, while lunch (11:00 a.m. to 4:00 p.m.) and dinner (4:00 p.m. to close) day-parts reflected approximately 37% and 41% of restaurant sales, respectively, in 2006. 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. The Company may from time to time feature new items as off-menu specials or in test menus at certain locations to evaluate possible ways to enhance customer interest and identify potential future additions to the menu. Lunches and dinners range in price from $3.59 to $12.99. Cracker Barrel's menu has daily dinner features that showcase a popular dinner entrée for each day of the week. There is some variation in menu pricing and content in different regions of the country for both breakfast and lunch/dinner. The average check per guest for 2006 was $8.17, which represents a 2.1% increase over prior year.

The retail operations, which generated approximately 21% of Cracker Barrel's total revenue in 2006, offer a wide variety of decorative and functional items such as rocking chairs, seasonal gifts, apparel, toys, music CDs, cookware, old-fashioned-looking ceramics, figurines, a book-on-audio sale-and-exchange program and various other gift items, as well as various candies, preserves, syrups and other food items. The typical Cracker Barrel retail shop features approximately 3,000 SKU's. Many of the food items are sold under the "Cracker Barrel Old Country Store" brand name. Cracker Barrel offers items for sale in the retail store that also are featured on, or related to, the restaurant menu, such as pies, cornbread and pancake mixes. The Company believes that Cracker Barrel achieves high retail sales per square foot as compared to mall stores (over $410 per square foot of retail selling space in 2006) both by offering appealing merchandise and by having a significant source of retail customers from the high volume of restaurant customers - an average of over 7,600 per week in a typical store in 2006. The substantial majority of sales in the retail area are estimated to be to customers who also are guests in the restaurant.

Product Development and Merchandising: Cracker Barrel maintains a product development department, which develops new and improved menu items in response either to shifts in customer preferences or to create customer interest. Coordinated seasonal promotions are used regularly in the restaurants and retail shops. The Cracker Barrel merchandising department attempts to select merchandise for the retail shop that reinforces the nostalgic theme of the restaurant. In 2006, Cracker Barrel strengthened its exclusive music collection by releasing CDs featuring well-known recording artists Charlie Daniels, Sara Evans and Amy Grant. The "American Music Legends'" series continues to expand with offerings from Johnny Cash, Hank Williams and John Denver. In 2006, Cracker Barrel entered into the second year of a sponsorship agreement with the Grand Ole OpryÔ, the showcase of country music and, with nearly 80 years on the air, America's longest running radio program.

Store Management and Quality Controls: Cracker Barrel store management, typically consisting of one general manager, four associate managers and one retail manager, is responsible for an average of 100-120 employees on two shifts. The relative complexity of operating a Cracker Barrel store requires an effective management team at the individual store level. As a motivation to store managers to improve sales and operational performance, Cracker Barrel maintains a bonus plan designed to provide store managers with an opportunity to share in the profits of their store. The bonus plan also rewards managers who achieve specific operational targets. To assure that individual stores are operated at a high level of quality, Cracker Barrel emphasizes the selection and training of store managers. It also employs district managers to support individual store managers and regional vice presidents to support individual district managers. A district manager's individual span of control typically is seven to eight individual restaurants, and regional vice presidents support seven to nine district managers. Each store is assigned to both a restaurant and a retail district manager and each district is assigned to both a restaurant and a retail regional vice president. The various levels of restaurant and retail management work closely together.

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

Purchasing and Distribution: Cracker Barrel negotiates directly with food vendors as to specification, price and other material terms of most food purchases. Cracker Barrel is a party to a prime vendor contract with an unaffiliated distributor with custom distribution centers in Lebanon, Tennessee; McKinney, Texas; Gainesville, Florida; Elkton, Maryland; Kendalville, Indiana; and Ft. Mill, South Carolina. This vendor’s contract currently runs through 2007 with a minimal price increase scheduled in 2007. The contract requires the Company to pay for market fuel prices that exceed certain designated prices. The contract will remain in effect until both parties mutually modify it in writing or until terminated by either Cracker Barrel or the distributor upon 180 days written notice to the other party. Cracker Barrel purchases the majority of its food products and restaurant supplies on a cost-plus basis through this unaffiliated distributor. The distributor is responsible for placing food orders, warehousing and delivering food products to Cracker Barrel’s stores. Deliveries generally are made once per week to the individual stores. Certain perishable food items are purchased locally by Cracker Barrel stores.

Four food categories (beef, dairy (including eggs), pork and poultry) account for the largest shares of Cracker Barrel’s food purchasing expense at approximately 14%, 13%, 12% and 10%, respectively, but each category does include several individual items. The single food item within these categories, accounting for the largest share of Cracker Barrel's food purchasing expense, was chicken tenderloin at approximately 5% of food purchases in 2006. Cracker Barrel purchases its chicken tenderloin through two vendors. Cracker Barrel purchases its beef through nine vendors, pork through ten vendors, and poultry through nine vendors. Dairy and eggs are purchased through numerous vendors including local vendors. Should any food items from these vendors become unavailable, management believes that these food items could be obtained in sufficient quantities from other sources at competitive prices.

The majority of retail items (approximately 72% in 2006) are centrally purchased directly by Cracker Barrel from domestic and international vendors and warehoused at the Company’s owned Lebanon distribution center. The distribution center is a 367,200 square foot warehouse facility with 36 foot ceilings and 170 bays, and includes an additional 13,800 square feet of office and maintenance space. The distribution center fulfills retail item orders generated by Cracker Barrel’s automated replenishment system and generally ships the retail orders once a week to the individual stores by a third-party dedicated freight line. The contract which currently runs through 2007 with this freight line requires the Company to pay for market fuel prices that exceed certain designated prices. Certain retail items, not centrally purchased and warehoused at the distribution center, are drop-shipped directly from Cracker Barrel’s vendors to its stores. Approximately 30-33% of Cracker Barrel’s retail purchases in 2006 were directly from vendors in the People’s Republic of China. Cracker Barrel has a relationship with a foreign buying agency to source purchased product, monitor quality control and supplement product development.

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

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

Marketing: Outdoor advertising (i.e., billboards and state department of transportation signs) is the primary advertising medium utilized to reach consumers in the primary trade area for each Cracker Barrel store and also to reach interstate travelers and tourists. Outdoor advertising accounted for approximately 67% of advertising expenditures in 2006, with approximately 1,450 billboards at year-end. In recent years Cracker Barrel has utilized other types of media, such as radio and print, in its core markets to maintain customer awareness, and outside of its core markets to increase brand awareness and to build guest loyalty. Cracker Barrel defines its core markets based on average weekly sales, geographic location, and longevity and brand awareness in the market. Cracker Barrel plans to maintain its overall advertising spending at approximately 2% of Cracker Barrel's revenues in 2007, as it generally has since 2000. Outdoor advertising is expected to represent approximately half of advertising expenditures in 2007. Cracker Barrel plans to increase radio and media advertising as a percentage of the overall budget as it plans to implement a test of TV advertising. New store locations generally are not advertised in the media until several weeks after they have been opened in order to give the staff time to adjust to local customer habits and traffic volume.

Logan's Roadhouse

Store Format: Logan's restaurants generally are constructed of rough-hewn cedar siding in combination with bands of corrugated metal outlined in red neon. Interiors are decorated with murals and other artifacts depicting scenes or billboard advertisements reminiscent of American roadhouses of the 1930s and 1940s, with concrete and wooden planked floors and neon signs. The lively, upbeat, friendly, relaxed atmosphere seeks to appeal to families, couples, single adults and business people. The restaurants feature display cooking and an old-fashioned meat counter displaying ribs and hand-cut USDA Choice steaks, and also include a spacious, comfortable bar area. While dining or waiting for a table, guests may eat complimentary roasted in-shell peanuts and toss the shells on the floor. In the waiting area they also may watch as cooks prepare steaks and other entrees on gas-fired mesquite grills. During 2006, Logan's plans to begin installation of new complimentary jukeboxes in the waiting or bar area of all its restaurants to allow guests to select some of their favorite music. These features are intended to emphasize a welcoming, lively, roadhouse-type environment in order to enhance the differentiation of the concept with consumers. Logan's has developed, designed and opened one new prototype restaurant that it is testing and expects to open regularly, beginning in 2007.

Products: Beginning in 2004, Logan's began revamping its menu and expanding its offerings of appetizers and entrees to broaden the appeal of the Logan's concept, while still offering affordable high-quality steaks. In 2005, Logan's introduced specialty appetizers, including Smokin' Hot Grilled Wings, Lightnin' Hot Shrimp Bucket, and San Antonio Chicken Wraps and new "craveable" entrees and salads including the Onion Brewski' sirloin (a new signature steak), Santa Fe Tilapia, Southern Fried Catfish, Filet and Grilled Shrimp Combos and Logan's Kickin' Chickin' Salad. The Logan's dinner menu features an assortment of specially seasoned steaks, primarily USDA Choice that are aged and hand-cut on premises and cooked to order on gas-fired mesquite grills. Guests also may choose from slow-cooked baby back ribs, mesquite-grilled chicken, seafood items and an assortment of hamburgers, salads and sandwiches. All dinner entrees include made-from-scratch yeast rolls and a choice of two side items which include dinner salad, brown sugar and cinnamon sweet potato, baked potato, mashed potatoes, grilled vegetables, fries or other side items at no additional cost. Logan's express lunch menu provides specially priced items to be served in less than 15 minutes. All lunch salads are served with made-from-scratch yeast rolls, and all lunch sandwiches are served with home-style potato chips. In 2006, lunch and dinner accounted for approximately 35% and 65% of Logan's sales, respectively. Prices range from $4.99 to $8.99 for lunch items and from $5.59 to $19.99 for dinner entrees. The average check per customer for 2006 was $12.61, including alcoholic beverages, a 2.4% increase from the prior year.

Approximately 9% of Logan’s net sales in 2006 were from alcoholic beverages. In most of its restaurants Logan’s offers a happy hour intended to increase responsible alcohol sales. The happy hour emphasizes responsible alcohol service through training and operational standards. Various price increases were instituted during 2006 and averaged 2.5% for the year.

Product Development: Logan’s employs a full-time Vice President of Menu and Culinary Innovation who is dedicated to enhancing and developing the brand through improved and appealing product offerings. Logan’s tests various new products in an effort to select items with high guest appeal in response to changing customer tastes. In order to maximize operating efficiencies and cost effectively provide fresh ingredients for its food products, purchasing decisions are made by Logan’s corporate management. Management believes that Logan’s has adequate flexibility to meet future shifts in consumer preference on a timely basis.

Restaurant Management and Quality Controls: Logan’s restaurant management typically consists of a general manager, one kitchen manager and two to four assistant managers who are responsible for approximately 80 hourly employees. Each restaurant management team typically is comprised of one to two persons who were promoted into management positions from non-management positions and three to four managers with previous management experience. Each restaurant employs a skilled meat-cutter to cut steaks from USDA choice beef. The general manager of each restaurant is responsible for the day-to-day operations of the restaurant, including maintaining high standards of quality and performance established by Logan’s corporate management. The complexity of operating a Logan’s restaurant requires an effective management team at the individual restaurant level. As a motivation to restaurant managers to increase revenues and operational performance, Logan’s maintains an incentive bonus plan that rewards managers for achieving sales and profit targets as well as key operating cost measures. To assure that individual restaurants are operated at high standards of quality, Logan’s has regional managers to support individual restaurant managers along with one director and two regional vice presidents of operations to support individual regional managers. Each regional manager typically supports five to six individual restaurants. The director of operations supports four regional managers and the regional vice presidents of operations support ten regional managers each. Through regular visits to the restaurants, the regional vice presidents, the director of operations, the regional managers and other senior management ensure that the Logan’s concept, strategy and standards of quality are being adhered to.

Logan’s requires that its restaurant managers have significant experience in the full-service restaurant industry. All new managers are required to complete up to eight weeks of training at a Logan’s restaurant and one week of classroom training conducted at the Logan’s training facility in Nashville. The course emphasizes the Logan’s operating strategy, procedures and standards. Logan’s also has a specialized training program required for managers and hourly service employees on responsible alcohol service.

Purchasing and Distribution: Logan’s strives to obtain consistent high quality ingredients at competitive prices from reliable sources. Logan’s negotiates directly with food vendors as to specifications, price and other material terms of most food purchases. When practical, Logan’s coordinates with the purchasing department at Cracker Barrel to seek possible volume purchases from combined activities. Logan’s purchases the majority of its food products and restaurant supplies on a cost-plus basis through the same unaffiliated distributor that is used by Cracker Barrel. The distributor is responsible for placing food orders and warehousing and delivering food products for Logan’s restaurants. Certain perishable food items are purchased locally by the restaurants.

The single food item accounting for the largest share (approximately 36%) of Logan’s food cost is beef. Steaks are hand-cut on the premises, in contrast to many in the restaurant industry that purchase pre-portioned steaks. Logan’s presently purchases its beef through two supply contracts. Should any beef items from either supplier become unavailable for any reason, management believes that such items could be obtained in sufficient quantities from the other supplier or other sources at competitive prices.

Cost and Inventory Controls: Management closely monitors sales, product costs and labor at each of its restaurants. Daily sales and weekly restaurant operating results are analyzed by management to detect trends at each location, and negative trends are addressed promptly. Financial controls are maintained through management of an accounting and information management system that is implemented at the restaurant level. Administrative and management staff prepares daily reports of sales, labor and customer counts. On a weekly basis, condensed operating statements are compiled by the accounting department and provide management a detailed analysis of sales, product and labor costs, with a comparison to budget and prior year performance. These systems also are used in the development of budget analyses and planning.

Guest Satisfaction: Logan’s is committed to providing its guests prompt, friendly, efficient service, keeping table-to-server ratios low and staffing each restaurant with an experienced management team to ensure attentive guest service and consistent food quality. Through the regular use of marketing research, guest feedback to the managers while in the restaurant and an outsourced guest satisfaction survey program, management receives valuable feedback, which it uses to improve restaurant operations and monitor guest satisfaction. The satisfaction survey program delivers 50-150 guest survey responses per restaurant each month. Each selected guest is invited to take the survey via a random invitation on the guest receipt and receives a discount of $3.00 off their next food purchase. The program allows Logan’s to identify and focus on key drivers of guest satisfaction and monitor long-term trends in guest satisfaction and perception.

Marketing: Logan’s employs an advertising and marketing strategy designed to establish and maintain a high level of name recognition and to attract new customers. Management’s goal is to develop a greater number of restaurants in certain markets to support and enhance the use of television, radio and outdoor advertising. In 2006 Logan’s spent approximately 1.2% of revenues on advertising. In 2004, with changes in Logan's management and the resulting refocus of management priorities on improving the brand and clarifying its media message, Logan’s spent less on advertising. In 2005 and 2006 Logan’s developed and tested a new advertising and marketing program, including new television and radio advertising. Logan’s also engages in a variety of promotional activities, such as contributing personnel, money and complimentary meals to charitable, civic and cultural programs, in order to increase public awareness of Logan’s restaurants. Logan’s also has certain relationships with the National Football League’s Tennessee Titans, including two concession facilities (named “Logan’s Landing”) inside LP Field, the Titans’ Nashville, Tennessee home field and various promotions during and around the games as well as other events, such as home football games for Tennessee State University.

Franchising: Prior to the Company acquiring Logan’s Roadhouse, Inc., Logan’s had entered into certain area development agreements and accompanying franchise agreements. As of September 29, 2006, two franchisees operate 25 Logan’s restaurants in four states, and have rights under the existing agreements, subject to development terms, conditions and timing requirements, to open up to 16 additional locations in those same states plus parts of Nevada. Certain of the agreements have provided for the possible acquisition of the franchise locations in the territory by Logan’s. Management is not currently planning any other franchising initiatives in the near future beyond the current agreements, although Logan’s believes additional franchising could become an opportunity in the future. Logan’s offers no financing, financial guarantees or other financial assistance to its franchisees and has no ownership interest in any franchisee properties or assets.

UNIT DEVELOPMENT

Cracker Barrel opened 21 new stores and closed seven stores in 2006. Cracker Barrel plans to open 19-20 new stores during 2007, one of which already was open as of September 29, 2006.

Logan’s opened 20 new company-operated restaurants and two new franchised restaurants in 2006 and closed three company-operated restaurants in 2006. Due to the uncertain timing of a possible Logan’s divestiture, the Company is not providing Logan’s plans for new restaurant openings in 2007.

Of the 544 Cracker Barrel stores open as of September 29, 2006, the Company owns 391, while the other 153 properties are either ground leases or ground and building leases. The current Cracker Barrel store prototype is approximately 10,000 square feet including approximately 2,100 square feet in the retail selling space. The prototype has 194 seats in the restaurant. Cracker Barrel plans to modify the prototype in 2007 to provide additional seating and operational flexibility.

Of the 168 Logan’s restaurants open as of September 29, 2006, 25 are franchised restaurants. Of the remaining 143 Logan’s restaurants, 69 are owned and 74 are ground leases. The current Logan’s restaurant prototype is approximately 8,200 square feet with 284 seats, including 22 seats at the bar. Logan’s has recently developed and designed a new prototype restaurant, the first of which opened in early 2006. The Company has evaluated the effectiveness and cost of the new prototype and is incorporating changes into a revised design expected to begin to be used in 2007 openings.

EMPLOYEES

As of July 28, 2006, CBRL Group, Inc. employed 31 people, of whom 16 were in advisory and supervisory capacities and 8 were officers of the Company. Cracker Barrel employed approximately 62,000 people, of whom 380 were in advisory and supervisory capacities, 3,266 were in store management positions and 33 were officers. Logan’s employed approximately 12,000 people, of whom 93 were in advisory and supervisory capacities, 686 were in restaurant management positions and 12 were officers. Many restaurant personnel are employed on a part-time basis.

None of the employees of the Company or its subsidiaries are represented by any union, and management considers its employee relations to be good.

COMPETITION

The restaurant industry is intensely competitive with respect to price, service, location, and food quality. The Company competes with a number of national and regional restaurant chains as well as locally owned restaurants. The restaurant business is often affected by changes in consumer taste, national, regional, or local economic conditions, traffic patterns, and the type, number, and location of competing restaurants. 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 the Company’s restaurants in particular.

RAW MATERIALS SOURCES AND AVAILABILITY

Essential restaurant supplies and raw materials are generally available from several sources. However, in the restaurants, certain branded items are single source products or product lines. Generally, the Company is not dependent upon single sources of supplies or raw materials. The Company’s ability to maintain consistent quality throughout its restaurant system depends in part upon its 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, the Company may enter into purchase contracts or purchase bulk quantities for future use.

Adequate alternative sources of supply, as well as the ability to adjust menus if needed, are believed to exist for substantially all restaurant products. The Company’s 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 the Company’s retail product is distributed to its stores through a single distribution center. Disruption of the Company’s retail supply chain could be more difficult to overcome, but the Company is evaluating ways to mitigate such disruptions.

ENVIRONMENTAL MATTERS

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

TRADEMARKS

Cracker Barrel and Logan’s deem the trademarks and service marks owned by them or their affiliates to be of substantial value. Their policy is to obtain federal registration of their trademarks and other intellectual property whenever possible and to pursue vigorously any infringement of trademarks.

RESEARCH AND DEVELOPMENT

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

SEASONAL ASPECTS

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

WORKING CAPITAL

In the restaurant industry, substantially all sales transactions occur either in cash or by third-party credit card. Like most other restaurant companies, the Company is able to, and may often, operate with a working capital deficit. Restaurant inventories purchased through the Company’s principal food distributor are on terms of net zero days, while restaurant inventories purchased locally generally are financed through normal trade credit. Because of its retail operations, which have a lower product turnover than the restaurant business, the Company carries larger inventories than many other companies in the restaurant industry. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through wire transfers. These various trade terms are aided by rapid product turnover of the restaurant inventory. Employee compensation and benefits payable generally may be related to weekly, bi-weekly or semi-monthly pay cycles, and many other operating expenses have normal trade terms.

ITEM 1A. RISK FACTORS

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

Risks Related to Our Business

***Successful divestitures and other strategic transactions are important to our future growth and profitability*.**

We evaluate potential divestitures, including the possible divestiture of our Logan's Roadhouse, Inc. subsidiary, and capital structure initiatives as part of our strategic planning process. These transactions involve various inherent risks, including accurately assessing:

- the value, future growth potential, strengths, weaknesses, contingent and other liabilities and potential profitability of the business units of our Company;

- our ability to achieve projected economic and operating plans; unanticipated changes in business, capital markets and economic conditions affecting the business and divestiture initiative; and

- our ability to complete divestitures on acceptable terms and at or near the prices estimated as attainable by us.

Our credit facility places financial and other restrictions on us.

Our $1.25 billion credit facility that we entered into in connection with our 2006 strategic initiatives imposes financial covenants, including maintaining a minimum defined fixed charge coverage ratio and a maximum defined leverage ratio. In addition, the credit facility limits our ability to make dividend distributions and make certain payments to reduce outstanding indebtedness. The lender's ongoing obligation to extend credit under the revolving credit portion of the facility will depend upon our compliance with these and other covenants. Indebtedness may have important additional consequences, including placing us at a competitive disadvantage compared to our competitors that may have proportionately less debt, limiting our flexibility in planning for changes in our business and the industry and making us more vulnerable to economic downturns and adverse developments in our business.

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

Our business results depend on a number of industry-specific and general economic factors, many of which are beyond our control. 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 concepts and retail merchandise, and consumer spending patterns. The performance of individual locations may also be adversely affected by factors such as demographic trends, severe weather including hurricanes, traffic patterns, the price and availability of gasoline and the type, number and location of competing restaurants.

In addition, general or regional economic conditions, such as recessionary economic cycles, a protracted economic slowdown, a worsening economy or industry-wide cost pressures, could affect consumer behavior and spending for restaurant dining occasions or retail merchandise and lead to a decline in sales and earnings. Furthermore, we cannot predict the effects of actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against any foreign state or group located in a foreign state or heightened security requirements on the economy or consumer confidence in the United States. Any of these events could also affect consumer spending patterns or result in increased costs for us due to security measures.

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

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

Our success depends, in part, upon the popularity of our food and retail products. Shifts in consumer preferences away from our restaurants or food or retail items would harm our business. Also, our success depends to a significant extent on discretionary consumer spending, which is influenced by general economic conditions and the availability of discretionary income. Accordingly, we may experience declines in sales during economic downturns or during periods of uncertainty like those that followed the terrorist attacks on the United States on September 11, 2001 and Hurricanes Katrina and Rita in September 2005. In addition, recent increases in fuel and other energy prices could decrease discretionary consumer spending. Any material decline in consumer confidence or the amount of discretionary spending could have a material adverse effect on our sales, results of operations, business and financial condition.

Our business is seasonal.

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

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

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

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

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

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

We are dependent upon the availability of qualified restaurant personnel. Availability of staff varies widely from location to location. If restaurant management and staff turnover trends increase, we could suffer higher direct costs associated with recruiting, training and retaining replacement personnel. Moreover, we could suffer from significant indirect costs, including restaurant disruptions due to management changeover and potential delays in new restaurant openings or adverse customer reactions to inadequate customer service levels due to staff shortages. Competition for qualified employees exerts upward pressure on wages paid to attract such personnel, resulting in higher labor costs, together with greater recruitment and training expense.

Many of our employees are hourly workers whose wages are likely to be affected by an increase in the federal or state minimum wage or changes to the tip credit amount. The tip credit amount is the amount 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. Proposals have been made, and continue to be made, at federal and state levels to increase minimum wage levels, including changes to the tip credit amount. An increase in the minimum wage may require an increase or create pressure to increase the pay scale for our employees. A shortage in the labor pool or other general inflationary pressures or changes could also increase our labor costs. A shortage in the labor pool could also cause our restaurants to be required to operate with reduced staff, which could negatively impact our ability to provide adequate service levels to our customers.

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

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

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

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

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

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

We depend on key personnel for our success.

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

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

Our results of operations depend significantly on our ability to anticipate and react to changes in the price and availability of food, ingredients, utilities, retail merchandise, and other related costs over which we may have little control. Fluctuations in economic conditions, weather and demand could adversely affect the availability and cost of our ingredients and products. We require fresh produce, dairy products and meat, and therefore are subject to the risk that shortages or interruptions in supply of these food products could develop. Our operating margins are subject to changes in the price and availability of food commodities. 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 impact the supply of those products. We are subject to the general risks of inflation. In addition, possible shortages or interruptions in the supply of food items caused by inclement weather or other conditions beyond our control could adversely affect the availability, quality and cost of the items we buy. Our operating margins are also affected by fluctuations in the price of utilities such as natural gas, whether as a result of inflation or otherwise, on which the locations depend for much of their energy supply. Our inability to anticipate and respond effectively to an adverse change in any of these factors could have a significant adverse effect on our results of operations. In addition, because we provide a moderately-priced product, we may not seek to or be able to pass along price increases to our guests sufficient to offset cost increases.

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

Our ability to maintain consistent quality throughout our operations depends in part upon our ability to acquire specified food and retail products and supplies in sufficient quantities. In some cases, we may have only one supplier for a product or supply. A large part of our retail product is distributed from a single location. Our dependence on single source suppliers subjects us to the possible risks of shortages, interruptions and price fluctuations. If any of these vendors are unable to fulfill their obligations, or if we are unable to find replacement suppliers in the event of a supply disruption, we could encounter supply shortages and incur higher costs to secure adequate supplies, either of which would materially harm our business.

Our current insurance may expose us to unexpected costs.

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

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

Many of the food items on our menu contain beef and chicken. The preferences of our customers toward beef and chicken could be affected by health concerns about the consumption of beef or chicken or negative publicity concerning food quality, illness and injury generally. In recent years there has been negative publicity concerning E. coli bacteria, hepatitis A, “mad cow” disease, “foot-and-mouth” disease, the bird flu, peanut and other food allergens, and other public health concerns affecting the food supply, including beef, chicken and pork. This negative publicity, as well as any other negative publicity concerning food products we serve, may adversely affect demand for our food and could result in a decrease in guest traffic to our restaurants. A decrease in guest traffic to our restaurants or change in our mix of products sold as a result of these health concerns either in general or specific to our operations, could materially harm our business.

***Unfavorable publicity could harm our business*.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- fluctuating currency exchange rates;
- foreign government regulations;

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

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

The success of our business depends on the success of individual locations, and the success of individual locations depends on stability of or improvements in operating condition at and around those locations. Changes in highway or roadway traffic patterns, concentrations of general retail or hotel activity, local population densities, increased competition, and local economic conditions are not within our control and can affect local operations adversely, including the carrying value of those locations.

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

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

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

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

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

The development of our business may require significant additional capital in the future to fund our operations and growth strategy, among other activities. We have historically relied upon cash generated by our own operations and lease financing to fund our expansion. We currently maintain a revolving credit facility with a capacity of $250 million, none of which was drawn as of the end of fiscal 2006. We may also need to access the debt and equity capital markets. There can be no assurance, however, that these sources of financing will be available on acceptable terms, or at all. Our ability to obtain additional financing will be subject to a number of factors, including market conditions, our operating performance, investor sentiment and our ability to incur additional debt in compliance with agreements governing our then-outstanding debt. These factors may make the timing, amount, terms and conditions of additional financings unattractive to us. If we are unable to generate sufficient funds from operations or raise additional capital, our growth could be impeded.

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

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

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

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

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

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

Risks Particular to our Logan's Operations

So long as we own Logan's, that business will be subject to the following additional risks and uncertainties:

We have developed and tested and are now implementing an enhanced restaurant prototype for future expansion, but the prototype has yet to be proven from either an investment or operating standpoint.

We have developed and tested and are now implementing an enhanced restaurant prototype for future expansion of Logan's. This prototype incorporates changes in size, materials, layout, operational design and aesthetic design elements from our previous restaurant design, and there is no guarantee that this or any future prototypes will be successful. We may need to reduce our rate of development of this prototype or modify our plans by continuing to build our previous restaurant design. An initial version of the enhanced prototype was launched in August 2005. We have made numerous design changes and have identified additional further changes to this prototype as a result of what we have learned from the initial launch and are currently building a second restaurant under this prototype, but we have not yet operated a restaurant under the revised version of the enhanced prototype. The introduction of any new prototypes could result in different average weekly sales and returns on invested capital than we have experienced with our previous restaurant design. Additionally, any changes to our restaurant design and layout could negatively affect the Logan's brand image.

Failure to comply with alcoholic beverage or food control regulations could lead to the loss of our liquor and food service licenses and, thereby, harm our business.

In 2006, approximately 9% of our total sales from Logan's company-owned restaurants were attributable to the sale of alcoholic beverages. Alcoholic beverage control regulations require each of our restaurants to apply to a state authority and, in certain locations, county or municipal authorities for a license or permit to sell alcoholic beverages on the premises and to provide service for extended hours and on Sundays. Alcoholic beverage control regulations relate to numerous aspects of daily operations of our restaurants, including minimum age of patrons and employees, hours of operation, advertising, trade practices, wholesale purchasing, other relationships with alcohol manufacturers, wholesalers and distributors, inventory control, and handling, storage and dispensing of alcoholic beverages. In the past, we and our franchisees have been subject to fines for violations of alcoholic beverage control regulations. Any future failure of a restaurant to comply with these regulations and obtain or retain liquor licenses could adversely affect the restaurant's alcohol and food sales and our overall results of operations.

"Dram shop" litigation may hurt us.

In addition to the general risk of litigation described above, Logan's also is subject to state and local "dram shop" statutes. These statutes generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. In the past, after allegedly consuming alcoholic beverages at our restaurants, individuals have been killed or injured or have killed or injured third parties. Because a plaintiff may seek punitive damages, which may not be covered by insurance, this type of action could have an adverse impact on our or our franchisee's financial condition and results of operations. A judgment in such an action significantly in excess of our insurance coverage, or the insurance coverage of one of our franchisees, for any claims could materially adversely affect our financial condition or results of operations. Further, adverse publicity resulting from any such allegations may materially adversely affect us, our franchisees and our restaurants taken as a whole.

If we fail to comply with federal and state statutes, regulations and rules governing our offer and sale of franchises and our relationship with our franchisees, we may be subject to franchisee-initiated litigation and governmental or judicial fines or sanctions.

We are subject to the Federal Trade Commission and to various state laws that govern the offer and sale of franchises. Additionally, many state laws regulate various aspects of the franchise relationship, including the following:

- the nature, timing and sufficiency of disclosures to franchisees upon the initiation of the franchisor-potential franchisee relationship;

- our conduct during the franchisor-franchisee relationship; and

- renewals and terminations of franchises.

Any past or future failures by us to comply with these laws and regulations in any jurisdiction or to obtain required government approvals could result in franchisee-initiated lawsuits, a ban or temporary suspension on future franchise sales, civil and administrative penalties or other fines, or require us to make offers of rescission, disgorgement or restitution, any of which could adversely affect our business and operating results. We could also face lawsuits by our franchisees based upon alleged violations of these laws. In the case of willful violations, criminal sanctions could be brought against us.

Our franchisees could take actions that could be harmful to our business.

Our franchisees are contractually obligated to operate their restaurants in accordance with Logan's Roadhouse standards and all applicable laws. Although we attempt to properly train and support franchisees, franchisees are independent third parties that we do not control, and the franchisees own, operate and oversee the daily operations of their restaurants. As a result, the ultimate success and quality of any franchised restaurant rests with the franchisee. If franchisees do not successfully operate restaurants in a manner consistent with our standards, the Logan's Roadhouse image and reputation could be harmed, which in turn could adversely affect our business and operating results. Further, a franchisee's inability to remain financially viable could result in its failure to pay various franchise-related fees owed to us. Finally, regardless of the actual validity of such a claim, we may be named as a party in an action relating to, and/or be held liable for, the conduct of our franchisees if it is shown that we exercise a sufficient level of control over a particular franchisee's operation.

Our development agreements with our franchisees limit our ability to expand in certain markets.

During the term of our current area development agreement with our largest franchisee, CMAC, Inc. ("CMAC"), which expires on March 31, 2007, we are prohibited from operating any company-owned restaurant, or granting a license to any person to operate a restaurant, in North Carolina, South Carolina and Augusta, Georgia. We are also prohibited from operating any company-owned restaurant, or granting a license to any person to operate a restaurant in Northern California and Reno, Nevada pursuant to our area development agreement with L.G. Enterprises, LLC ("L.G. Enterprises"), until December 31, 2008. If these markets experience faster than expected growth in the restaurant industry, and if our franchisees are unable to expand to keep pace with such market growth, our competitive position in these markets could be temporarily or permanently harmed.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company’s corporate headquarters are located on approximately eight acres of land owned by the Company in Lebanon, Tennessee. The Company uses 10,000 square feet of office space for its corporate headquarters.

The Cracker Barrel corporate headquarters and warehouse facilities are located on approximately 120 acres of land owned by Cracker Barrel in Lebanon, Tennessee. Cracker Barrel utilizes approximately 110,000 square feet of office space for its corporate headquarters and decorative fixtures warehouse. Cracker Barrel also utilizes 367,200 square feet of warehouse facilities and an additional 13,800 square feet of office and maintenance space for its retail distribution center.

The Logan's corporate headquarters and training facility are located in approximately 38,500 and 6,000 square feet, respectively, in Nashville, Tennessee, under two leases, both of which expire on February 28, 2015.

In addition to the various corporate facilities, the Company has 29 properties (owned or leased) for future development, a motel used for housing management trainees and for the general public, and ten parcels of excess real property and improvements including four leased property, which the Company intends to dispose of.

In addition to the properties mentioned above, Cracker Barrel and Logan's own or lease the following store properties as of September 29, 2006:

State	Cracker Barrel		Logan's		Combined	
	Owned	Leased	Owned	Leased	Owned	Leased
Tennessee	35	13	12	5	47	18
Florida	40	14	4	5	44	19
Texas	28	4	13	12	41	16
Georgia	30	8	6	4	36	12
Alabama	17	9	8	5	25	14
Indiana	21	6	6	5	27	11
Ohio	22	9	2	2	24	11
Kentucky	19	9	1	7	20	16
Michigan	13	3	2	13	15	16
Virginia	19	4	6	2	25	6
North Carolina	22	8	-	-	22	8
Illinois	20	2	-	-	20	2
Pennsylvania	9	12	-	1	9	13
South Carolina	13	6	-	-	13	6
Mississippi	8	3	3	3	11	6
Missouri	14	3	-	3	14	6
Louisiana	7	2	3	2	10	4
Arkansas	4	6	1	1	5	7
West Virginia	3	6	1	3	4	9
Arizona	2	7	-	-	2	7
New York	7	1	-	-	7	1
Oklahoma	4	2	1	1	5	3
New Jersey	2	4	-	-	2	4
Kansas	3	1	-	-	3	1
Wisconsin	5	-	-	-	5	-
Colorado	3	1	-	-	3	1
Maryland	3	1	-	-	3	1
Massachusetts	-	4	-	-	-	4
Iowa	3	-	-	-	3	-
New Mexico	2	1	-	-	2	1
Utah	4	-	-	-	4	-
Connecticut	1	1	-	-	1	1
Minnesota	1	-	-	-	1	-
Montana	2	-	-	-	2	-
Nebraska	1	1	-	-	1	1
Delaware	-	1	-	-	-	1
Idaho	1	-	-	-	1	-
New Hampshire	1	-	-	-	1	-
North Dakota	1	-	-	-	1	-
Rhode Island	-	1	-	-	-	1
South Dakota	1	-	-	-	1	-
Total	391	153	69	74	460	227

See "Business-Operations" and "Business-Unit Development" in Item I of this Annual Report on Form 10-K for additional information on the Company's and its subsidiaries' properties.

ITEM 3. LEGAL PROCEEDINGS

See Note 12 to the Company's Consolidated Financial Statements filed or incorporated by reference in Part II, Item 8 of this Annual Report on Form 10-K, which also is incorporated herein by this reference.

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

Not applicable.

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

Executive Officers of the Registrant

The following table sets forth certain information concerning the executive officers of the Company, as of September 29, 2006:

Name	Age	Position with Registrant
Michael A. Woodhouse	61	Chairman, President & Chief Executive Officer
Lawrence E. White	56	Senior Vice President, Finance & Chief Financial Officer
N. B. Forrest Shoaf	56	Senior Vice President, Secretary and General Counsel
Edward A. Greene	51	Senior Vice President, Strategic Initiatives
Simon Turner	51	Senior Vice President, Marketing and Innovation and Chief Marketing Officer
Diana S. Wynne	51	Senior Vice President, Corporate Affairs
Patrick A. Scruggs	42	Vice President, Accounting and Tax, & Chief Accounting Officer
G. Thomas Vogel	42	President and Chief Executive Officer of Logan's Roadhouse, Inc.

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

Mr. Woodhouse has been employed by the Company or its subsidiaries in various capacities since 1995. Mr. Woodhouse served the Company as Senior Vice President of Finance and CFO from January 1999 to July 1999, as Executive Vice President and Chief Operating Officer ("COO") from August 1999 until July 2000, as President and COO from August 2000 until July 2001, and then as President and Chief Executive Officer from August 2001 until November 2004 when he assumed his current positions. Mr. Woodhouse has 22 years of experience in the restaurant industry and 14 years of experience in the retail industry.

Mr. White has been employed by the Company in his current capacity since September 1999. Prior to that, he was Executive Vice President and Chief Financial Officer of Boston Chicken, Inc., where he was part of a new management team brought in during 1998 for an operational and financial turnaround. Mr. White has 19 years of experience in the restaurant industry and 7 years of experience in the retail industry.

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

Mr. Greene has been employed by the Company 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 28 years of combined experience in the restaurant and food processing industries.

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

Ms. Wynne joined CBRL in January 2006. Prior to that, she was Vice President, Treasury for Blockbuster, Inc. Prior to that she served as Senior Vice President and Treasurer for Metromedia Restaurant Group. Ms. Wynne began her career with Price Waterhouse Coopers and has over 27 years of experience in the restaurant and retail industries.

Mr. Scruggs has been employed by the Company or its subsidiaries in various capacities since 1989. He assumed his current position in 2003. Mr. Scruggs has 17 years of experience in the restaurant and retail industries.

Mr. Vogel joined Logan’s in August 2003. Prior to that, he was employed by Darden Restaurants Inc. since August 1991 serving in various capacities for its Red Lobster concept, including Senior Vice President of Operations, West/Southeast Divisions from June 1999 to August 2003, Vice President of Food and Beverage from November 1997 to June 1999, and Concept Development Director from March 1995 to November 1997. Mr. Vogel has 20 years of experience in the restaurant industry.

PART II

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

The Company's Common Stock is traded on the NASDAQ Global Market ("Nasdaq") under the symbol CBRL. There were 12,503 shareholders of record as of September 29, 2006.

The table "Market Price and Dividend Information" contained in the 2006 Annual Report is incorporated herein by this reference. Part III, Item 12 of this Annual Report on Form 10-K is incorporated in this Item of this Report by this reference.

Unregistered Sales of Equity Securities

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 28, 2006 by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (3)
4/29/06 - 5/26/06 (4)	16,750,000	$ 42.04	16,750,000	821,081
5/27/06 - 6/23/06	--	--	--	821,081
6/24/06 - 7/28/06	--	--	--	821,081
Total for the quarter	16,750,000	$ 42.04	16,750,000	821,081

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

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

(3) On February 25, 2005, the Company announced a 2,000,000 share common stock repurchase program with no expiration date.

(4) Shares repurchased during this period were in the Tender Offer disclosed in the Company's Quarterly Report on Form 10-Q for the quarter ended April 28, 2006 (filed with the SEC on June 2, 2006) as well as being disclosed in this Annual Report on Form 10-K.

ITEM 6. SELECTED FINANCIAL DATA

The table "Selected Financial Data" contained in the 2006 Annual Report is incorporated into this Item of this Report by this reference.

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

"Management's Discussion and Analysis of Financial Condition and Results of Operations," contained in the 2006 Annual Report, is incorporated into this Item of this Report by this reference.

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

"Management's Discussion and Analysis of Financial Condition and Results of Operations," contained in the 2006 Annual Report, is incorporated into this Item of this Report by this reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements (and related footnotes) and Report of Independent Registered Public Accounting Firm, contained in the 2006 Annual Report, are incorporated into this Item of this Report by this reference.

See Quarterly Financial Data (Unaudited) in Note 15 to the Consolidated Financial Statements.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company's management, with the participation of its principal executive and financial officers, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(f) promulgated under the Exchange Act). Based upon this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of July 28, 2006, the Company's disclosure controls and procedures were effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e).

There have been no changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended July 28, 2006 in the Company's internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Management’s Report on Internal Control over Financial Reporting

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

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

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. We have concluded that our internal control over financial reporting was effective as of July 28, 2006, based on these criteria.

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

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

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

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item with respect to directors of the Company is incorporated into this Item of this Report by this reference to the section entitled "Proposal 1: Election of Directors" in the 2006 Proxy Statement. The information required by this Item with respect to executive officers of the Company is set forth in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated into this Item of this Report by this reference to the sections entitled “Board of Directors and Committees” and "Executive Compensation" in the 2006 Proxy Statement. The matters labeled “Compensation and Stock Option Committee Report” and “Shareholder Return Performance Graph” are not, and shall not be deemed to be, incorporated by reference into this Annual Report on Form 10-K.

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

The information required by this Item is incorporated into this Item of this Report by this reference to the sections entitled "Stock Ownership of Certain Beneficial Owners and Management" and “Executive Compensation-Equity Compensation Plan Information” in the 2006 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated into this Item of this Report by this reference to the section entitled "Certain Transactions” in the 2006 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated into this Item of this Report by this reference to the sections entitled “Fees Paid to Auditors” and “Audit Committee Report-What is the Audit Committee’s pre-approval policy and procedure with respect to audit and non-audit services provided by our auditors?” in the 2006 Proxy Statement. No other portion of the section of the 2006 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 AND FINANCIAL STATEMENT SCHEDULES

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

1. The following Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm of Deloitte & Touche LLP of the 2006 Annual Report are included within Exhibit 13 to this Annual Report on Form 10-K and are incorporated into this Item of this Report by this reference:

   Report of Independent Registered Public Accounting Firm dated October 3, 2006

   Consolidated Balance Sheet as of July 28, 2006 and July 29, 2005

   Consolidated Statement of Income for each of the three fiscal years ended July 28, 2006, July 29, 2005 and July 30, 2004

   Consolidated Statement of Changes in Shareholders' Equity for each of the three fiscal years ended July 28, 2006, July 29, 2005 and July 30, 2004

   Consolidated Statement of Cash Flows for each of the three fiscal years ended July 28, 2006, July 29, 2005 and July 30, 2004

   Notes to Consolidated Financial Statements

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

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

SIGNATURES

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

CBRL GROUP, INC.

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

October 2, 2006

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

Name	Title	Date
/s/ Michael A. Woodhouse Michael A. Woodhouse	Chairman, President and Chief Executive Officer	October 2, 2006
/s/ Lawrence E. White Lawrence E. White	Senior Vice President, Finance and Chief Financial Officer (Principal Financial Officer)	October 2, 2006
/s/ Patrick A. Scruggs Patrick A. Scruggs	Chief Accounting Officer (Principal Accounting Officer)	October 2, 2006
/s/ James D. Carreker James D. Carreker	Director	October 2, 2006
______________ Robert V. Dale	Director	October 2, 2006
/s/ Richard J. Dobkin Richard J. Dobkin	Director	October 2, 2006
/s/ Robert C. Hilton Robert C. Hilton	Director	October 2, 2006
/s/ Charles E. Jones, Jr. Charles E. Jones, Jr.	Director	October 2, 2006
/s/ B.F. Lowery B.F. Lowery	Director	October 2, 2006
/s/ Martha M. Mitchell Martha M. Mitchell	Director	October 2, 2006
/s/Erik Vonk Erik Vonk	Director	October 2, 2006
/s/ Andrea M. Weiss Andrea M. Weiss	Director	October 2, 2006
/s/ Jimmie D. White Jimmie D. White	Director	October 2, 2006

INDEX TO EXHIBITS

Exhibit	
3(a), 4(a)	Charter (1)
3(b), 4(b)	Bylaws (1)
4(c)	Shareholder Rights Agreement dated 9/7/1999 (2)
4(d)	Indenture, dated as of April 3, 2002, among the Company, the Guarantors (as defined therein) and Wachovia Bank, National Association, as trustee, relating to the Company's zero-coupon convertible senior notes (the "Notes") (3)
4(e)	Form of Certificate for the Notes (included in the LYONS Indenture incorporated by reference as Exhibit 4(d) hereof) (3)
4(f)	Form of Guarantee of the Notes (included in the LYONS Indenture filed as Exhibit 4(d) hereof) (3)
4(g)	First amendment, dated as of June 19, 2002, to the LYONS Indenture (4)
4(h)	Second amendment, dated as of July 30, 2004, to the LYONS Indenture (4)
4(i)	Third amendment, dated as of December 31, 2004, to the LYONS Indenture (5)
4(j)	Fourth amendment, dated as of January 28, 2005, to the LYONS Indenture (6)
4(k),10(a)	Credit Agreement dated as of April 27, 2006 among CBRL Group, Inc., the Subsidiary Guarantors named therein, the Lenders party thereto and Wachovia Bank, National Association, as Administrative Agent and Collateral Agent (7)
10(b)	Lease dated 8/27/1981 for lease of Macon, Georgia store between Cracker Barrel Old Country Store, Inc. and B. F. Lowery, a director of the Company (8)
10(c)	The Company's Amended and Restated Stock Option Plan, as amended (9)
10(d)	The Company's 2000 Non-Executive Stock Option Plan (10)
10(e)	The Company's 1989 Non-Employee Director's Stock Option Plan, as amended (11)
10(f)	The Company's Non-Qualified Savings Plan (12)
10(g)	The Company's Deferred Compensation Plan (8)
10(h)	The Company's 2002 Omnibus Incentive Compensation Plan ("Omnibus Plan") (13)
10(i)	Amendment No. 1 to Omnibus Plan (12)
10(j)	Form of Restricted Stock Award (12)
10(k)	Form of Stock Option Award under the Amended and Restated Stock Option Plan (12)
10(l)	Form of Stock Option Award under the Omnibus Plan (12)
10(m)	Executive Employment Agreement dated as of August 1, 2005 between Michael A. Woodhouse and the Company (12)
10(n)	Change-in-control Agreement for Lawrence E. White dated 10/13/1999 (9)

10(o)	Change-in-control Agreement for N.B. Forrest Shoaf dated 5/12/2005 (12)
10(p)	Change-in-control Agreement for Norman J. Hill dated 10/13/1999 (10)
10(q)	Change-in-control Agreement for Tom Vogel dated October 3, 2003 (13)
10(r)	Change-in-control Agreement for Patrick A. Scruggs dated October 13, 1999 (13)
10(s)	Master Lease dated July 31, 2000 between Country Stores Property I, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 21 Cracker Barrel Old Country Store® sites (14)
10(t)	Master Lease dated July 31, 2000 between Country Stores Property I, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc ("Lessee") for lease of 9 Cracker Barrel Old Country Store® sites*
10(u)	Master Lease dated July 31, 2000 between Country Stores Property II, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 23 Cracker Barrel Old Country Store® sites*
10(v)	Master Lease dated July 31, 2000 between Country Stores Property III, LLC ("Lessor") and Cracker Barrel Old Country Store, Inc. ("Lessee") for lease of 12 Cracker Barrel Old Country Store® sites*
10(w)	2005 Long-Term Incentive Plan (15)
10(x)	2005 Annual Bonus Plan (15)
10(y)	2006 LTI Plan (16)
10(z)	CBRL Group, Inc. Targeted Retention Plan (16)
10(aa)	CBRL Group, Inc. Stock Ownership Achievement Incentive Plan (16)
10(bb)	2006 Annual Bonus Plan (16)
10(cc)	Summary of Executive Officer and Director Compensation (16)
10(dd)	Form of Mid-Term Incentive and Retention Plan Award Notice (12)
10(ee)	Success Plan (incorporated herein by this reference to Exhibit 99.D.12 to Schedule TO-I filed with the SEC on March 31, 2006) (7)
10(ff)	Form of Success Award (incorporated herein by this reference to Exhibit 99.D.13 to Schedule TO-I filed with the SEC on March 31, 2006) (7)
10 (gg)	2007 Annual Bonus Plan (17)
10(hh)	2007 Mid-term Incentive and Retention Plan (17)
10(ii)	Severance Benefits Policy (17)
10(jj)	Change-in-control Agreement for Simon Turner dated 8/14/06 (18)
10(kk)	Change-in-control Agreement for Diana Wynne dated 6/22/06
10(ll)	Change-in-control Agreement for Ed Greene dated 6/22/06
10(mm)	CBRL Group, Inc. Severance Benefits Policy (17)
13	Pertinent portions of the Company's 2006 Annual Report to Shareholders that are incorporated by reference into this Annual Report on Form 10-K.
21	Subsidiaries of the Registrant

23	Consent of Independent Registered Public Accounting Firm - Deloitte & Touche LLP
31	Rule 13a-14(a)/15d-14(a) Certifications
32	Section 1350 Certifications

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

(1)	Incorporated by reference to the Company's Registration Statement on Form S_4/A under the Securities Act of 1933 ("Securities Act") (File No. 333_62469).
(2)	Incorporated by reference to the Company's Current Report on Form 8-K under the Securities Exchange Act of 1934 ("Exchange Act"), filed September 21, 1999.
(3)	Incorporated by reference to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended May 3, 2002.
(4)	Incorporated by reference to Amendment No. 1 to the Company's Annual Report on Form 10-K/A under the Exchange Act for the fiscal year ended July 30, 2004.
(5)	Incorporated by reference to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended January 28, 2005.
(6)	Incorporated by reference to the Company's Current Report on Form 8-K under the Exchange Act filed on February 2, 2005.
(7)	Incorporated by reference to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended April 28, 2006.
(8)	Incorporated by reference to the Company's Registration Statement on Form S_7 under the Securities Act (File No. 2_74266).
(9)	Incorporated by reference to the Company's Annual Report on Form 10-K under the Exchange Act for the fiscal year ended July 30, 1999.
(10)	Incorporated by reference to the Company's Annual Report on Form 10-K under the Exchange Act for the fiscal year ended August 2, 2002.
(11)	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).
(12)	Incorporated by reference to the Company's Annual Report on Form 10-K under the Exchange Act for fiscal year ended July 29, 2005.
(13)	Incorporated by reference to the Company's Annual Report on Form 10-K under the Exchange Act for the fiscal year ended August 1, 2003.
(14)	Incorporated by reference to the Company's Annual Report on Form 10-K under the Exchange Act for the fiscal year ended July 28, 2000.
(15)	Incorporated by reference to the Company's Quarterly Report on Form 10-Q under the Exchange Act for the quarterly period ended October 29, 2004.
(16)	Incorporated by reference to the Company's Current Report on Form 8-K under the Exchange Act, filed August 1, 2005.
(17)	Incorporated by reference to the Company's Current Report on Form 8-K under the Exchange Act, filed August 1, 2006.
(18)	Incorporated by reference to the Company's Current Report on Form 8-K under the Exchange Act, filed August 15, 2006.

Exhibit 10.1

June 22, 2006

Ms. Diana S. Wynne
413 Ridgecrest Lane
Lebanon, TN 37087

Re: Employee Retention Agreement

Dear Diana:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. **GENERAL PROVISIONS.**

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

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

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

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

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

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

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

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

6.9 **Certain Additional Payments by the Company.**

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

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

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

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

CBRL GROUP, INC.

By: /s/ Michael A. Woodhouse

& #160; Michael A. Woodhouse

Chairman, President and CEO

The foregoing is fully agreed to and accepted by:

Employee's Signature: /s/ Diana S. Wynne

Please Print or Type Name: Diana S. Wynne

Please Print or Type Title: Senior Vice President, Corporate Affairs

Exhibit 10.2

June 22, 2006

Mr. Edward A. Greene
1245 Chloe Drive
Gallatin, TN 37066

Re: Employee Retention Agreement

Dear Ed:

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

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

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

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

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

1.3 "Change in Control Period" means a 2-year year period beginning the day after a Change in Control occurs.

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

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

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

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

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

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

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

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

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

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

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

6. **GENERAL PROVISIONS.**

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

Agreement.

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

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

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

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

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

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

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

6.9 **Certain Additional Payments by the Company.**

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

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

c. The amount of the Additional Amount and the assumptions to be utilized in arriving at the determination, shall be made by the Company's

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

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

CBRL GROUP, INC.

By: /s/ Micheal A. Woodhouse
Michael A. Woodhouse
Chairman, President and CEO

The foregoing is fully agreed to and accepted by:

Employee's Signature: /s/ Edward A. Greene

Please Print or Type Name: Edward A. Greene

Please Print or Type Title: Senior Vice President, Strategic Initiatives

Exhibit 13

CBRL Group, Inc.
Selected Financial Data

	(Dollars in thousands except share data) For each of the fiscal years ended				
	July 28, 2006(d)	**July 29, 2005(e)**	**July 30, 2004(f)**	**August 1, 2003**	**August 2, 2002**
Selected Income Statement Data:					
Total revenue	$ 2,642,997	$ 2,567,548	$ 2,380,947	$ 2,198,182	$ 2,071,784
Net income	116,291	126,640	111,885	105,108	90,444
Net income per share:					
Basic	2.71	2.65	2.29	2.13	1.67
Diluted	2.50	2.45	2.12	1.97	1.59
Dividends paid per share(a)	$ 0.51	$ 0.47	$ 0.33	$ 0.02	$ 0.02
As Percent of Revenues:					
Cost of goods sold	32.0%	33.0%	33.0%	32.0%	32.7%
Labor and related expenses	36.5	36.6	37.0	37.3	37.5
Impairment and store closing charges	0.3	--	--	--	--
Other store operating expenses	18.1	17.4	17.0	17.3	17.1
Store operating income	13.1	13.0	13.0	13.4	12.7
General and administrative expenses	5.9	5.1	5.3	5.6	5.6
Operating Income	7.2	7.9	7.7	7.8	7.1
Income before income taxes	6.4	7.5	7.3	7.4	6.8
Memo: Depreciation and amortization	2.7	2.6	2.7	2.9	3.0
Share-based compensation	0.5	--	--	--	--
Selected Balance Sheet Data:					
Working capital (deficit)	$ (25,585)	$ (104,862)	$ (39,195)	$ (66,880)	$ (51,252)
Total assets	1,681,297	1,533,272	1,435,704	1,327,165	1,264,673
Long-term debt	911,464	212,218	185,138	186,730	194,476
Other long-term obligations	66,918	48,411	36,225	30,454	25,992
Shareholders' equity	302,282	869,988	873,336	789,362	778,881
Selected Cash Flow Data:					
Cash provided by operating activities	$ 214,846	$ 281,164	$ 200,481	$ 240,586	$ 196,277
Purchase of property and equipment, net of insurance recoveries	144,926	171,447	144,611	120,921	96,692
Share repurchases	704,160	159,328	69,206	166,632	216,834
Selected Other Data:					
Common shares outstanding at end of year	30,926,906	46,619,803	48,769,368	47,872,542	50,272,459
Stores open at end of year:					
Cracker Barrel	543	529	504	480	457
Logan's company-operated	141	124	107	96	84
Logan's franchised	25	23	20	16	12
Average Unit Volumes (b):					
Cracker Barrel restaurant	$ 3,248	$ 3,291	$ 3,217	$ 3,157	$ 3,150
Cracker Barrel retail	876	959	988	939	945
Logan's company-operated	$ 3,183	$ 3,172	$ 3,040	$ 2,915	$ 2,959

Comparable Store Sales(c):

Period to period (decrease) increase in comparable store sales:					
Cracker Barrel restaurant	(1.1)%	3.1 %	2.0%	0.5 %	5.3%
Cracker Barrel retail	(8.1)	(2.7)	5.3	(0.4)	2.3
Logan's company-operated	0.8	3.4	4.8	0.0	2.4
Memo: Cracker Barrel number of stores in comparable base	482	466	445	430	414
Memo: Logan's number of restaurants in comparable base	100	93	83	71	59

(a) On September 22, 2005, the Company's Board of Directors (the "Board") increased the quarterly dividend to $0.13 per share per quarter (an annual equivalent of $0.52 per share) from $0.12 per share per quarter. During 2006, the Company paid dividends of $0.13 per share during the second, third and fourth quarters of 2006. Additionally, on September 21, 2006, the Board declared a dividend of $0.14 per share payable on November 8, 2006 to shareholders of record on October 20, 2006. This dividend reflects a 7.7% increase from the previous quarterly dividend.

(b) Average unit volumes include sales of all stores and are measured on comparable calendar weeks in the prior year.

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

(d) Includes charges of $8,890 before taxes for impairment and store closing costs. The Company completed a 16,750,000 common share Tender Offer (see Note 5 to the Consolidated Financial Statements). The Company adopted SFAS 123R, "Share-Based Payment," on July 30, 2005 (see Note 8 to the Consolidated Financial Statements).

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

(f) Includes charges of $5,210 before taxes, as a result of settlement of certain lawsuits against the Company's Cracker Barrel Old Country Store, Inc. ("Cracker Barrel") subsidiary.

MARKET PRICE AND DIVIDEND INFORMATION

The following table indicates the high and low sales prices of the Company's common stock, as reported by The Nasdaq Stock Market (National Market), and dividends paid.

	Fiscal Year 2006			Fiscal Year 2005		
	Prices		Dividends	Prices		Dividends
	High	Low	Paid	High	Low	Paid
First	$41.45	$33.11	$0.12	$37.09	$30.00	$0.11
Second	45.00	33.95	0.13	43.14	36.08	0.12
Third	47.95	39.75	0.13	44.60	38.38	0.12
Fourth	41.12	32.27	0.13	42.12	37.75	0.12

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

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

EXECUTIVE OVERVIEW

CBRL Group, Inc. (the “Company,” “our” or “we”) is a publicly traded (Nasdaq: CBRL) holding company that, through certain subsidiaries, is engaged in the operation and development of the Cracker Barrel Old Country Store® (“Cracker Barrel”) and Logan’s Roadhouse® (“Logan’s”) restaurant and retail concepts. The Company was organized under the laws of the state of Tennessee in August 1998 and maintains an Internet website at cbrlgroup.com.

We are in the business of delivering excellent guest dining experiences, and we strive to do that in 41 states at more than 684 company-owned and 25 franchised units. While each restaurant concept offers its own unique atmosphere and an array of distinct menu items, both are committed to executing outstanding guest service while focusing on delivery of high quality products at affordable prices.

Restaurant Industry

Our businesses 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 industry is often affected by changes in the taste and eating habits of the public, local and national economic conditions affecting spending habits, population and traffic patterns. There are many segments within the restaurant industry, which overlap and often provide competition for widely diverse restaurant concepts. Competition also exists in securing prime real estate locations for new restaurants, in hiring qualified employees, in advertising, in the attractiveness of facilities and among competitors with similar menu offerings or convenience.

Additionally, seasonal, economic and weather conditions also affect the restaurant business. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby attributing to higher profits in our fourth quarter. While retail sales in Cracker Barrel are made substantially to restaurant customers, such sales are strongest in the second quarter, which includes the Christmas holiday shopping season. Increases in gasoline and energy prices that began in 2004, continued in 2005 and 2006, among other things, appear to have affected consumer discretionary income and dining out habits. Severe weather can and has affected sales adversely from time to time.

Key Performance Indicators

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

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

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

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

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

Results of Operations

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

	Relationship to Total Revenue			Period to Period Increase (Decrease)	
	2006	2005	2004	2006 vs. 2005	2005 vs. 2004
Total revenue	100.0%	100.0%	100.0%	3%	8%
Cost of goods sold	32.0	33.0	33.0	--	8
Gross profit	68.0	67.0	67.0	4	8
Labor and other related expenses	36.5	36.6	37.0	3	7
Impairment and store closing charges	0.3	--	--	--	--
Other store operating expenses	18.1	17.4	17.0	8	10
Store operating income	13.1	13.0	13.0	3	8
General and administrative	5.9	5.1	5.3	18	5
Operating income	7.2	7.9	7.7	(6)	10
Interest expense	0.8	0.4	0.4	157	3
Interest income	--	--	--	--	--
Income before income taxes	6.4	7.5	7.3	(13)	11
Provision for income taxes	2.0	2.6	2.6	(23)	7
Net income	4.4	4.9	4.7	(8)	13
Memo: Share-based compensation included in general and administrative	0.5	--	--	--	--

Total Revenue

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

	2006	2005	2004
Net Sales:			
Cracker Barrel restaurant	66.2%	66.1%	66.1%
Logan's company-operated	15.9	14.6	13.4
Total restaurant	82.1	80.7	79.5
Cracker Barrel retail	17.8	19.2	20.4
Total net sales	99.9	99.9	99.9
Franchise fees and royalties	0.1	0.1	0.1
Total revenue	100.0%	100.0%	100.0%

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

	Cracker Barrel Period to Period Increase (Decrease)		Logan's Period to Period Increase	
	2006 vs. 2005 (482 Stores)	2005 vs. 2004 (466 Stores)	2006 vs. 2005 (100 Stores)	2005 vs. 2004 (93 Stores)
Restaurant	(1.1)%	3.1%	0.8%	3.4%
Retail	(8.1)	(2.7)	--	--
Restaurant & Retail	(2.7)	1.8	0.8	3.4

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

Cracker Barrel comparable store restaurant sales averaged $3,279 per store in 2006 representing a decrease of 1.1% versus 2005. Comparable store restaurant sales increased 3.1% in 2005 versus 2004. The decrease in comparable store restaurant sales from 2005 to 2006 was due to a decrease in guest traffic of 3.2% and an increase in average check of 2.1%, including a 2.2% average menu price increase.

Cracker Barrel comparable store retail sales averaged $878 per store in 2006 representing a decrease of 8.1% versus 2005. Comparable store retail sales decreased 2.7% in 2005 versus 2004. The comparable store retail sales decrease from 2005 to 2006 resulted from restaurant guest traffic decreases, uncertain consumer sentiment and reduced discretionary spending, and weaker than expected response to the retail assortments and lower average spending per retail purchase as a result of lower product price points and greater markdowns.

In 2006 total net sales (restaurant and retail) in the 482 Cracker Barrel comparable stores averaged $4,157. Retail sales were 21.1% of total net sales in the comparable 482 stores in 2006 and 22.4% in 2005.

Logan’s comparable store sales increased 0.8% for 2006 versus 2005 at an average of $3,214 per restaurant. Comparable store sales increased 3.4% for 2005 versus 2004. The increase in comparable store sales from 2005 to 2006 resulted from an increase in average check of 2.4% and a decrease in guest traffic of 1.6%, including a 2.5% average menu price increase.

Total revenue, which increased 2.9% and 7.8% in 2006 and 2005, respectively, benefited from the opening of 21, 25 and 24 Cracker Barrel stores in 2006, 2005 and 2004, respectively, and the opening of 20, 17 and 11 company-operated and 2, 3 and 4 franchised Logan’s restaurants in 2006, 2005 and 2004, respectively, partially offset by the closing of 7 Cracker Barrel stores and 3 company-owned Logan’s restaurants in February 2006. Average weekly sales (net sales divided by operating weeks in company-owned units) were approximately $62.5 per week for Cracker Barrel restaurants in 2006 (compared with $63.3 in 2005 and $61.7 in 2004), $16.8 for Cracker Barrel retail (compared with $18.4 for 2005 and $19.1 for 2004), and $61.2 for Logan’s (compared with $61.0 for 2005 and $59.5 for 2004).

Cost of Goods Sold

Cost of goods sold as a percentage of total revenue decreased to 32.0% in 2006 from 33.0% in 2005. This was due to higher average menu prices versus the prior year, lower commodity costs, higher initial mark-ons of retail merchandise and a lower percentage of retail sales, which have a higher cost as a percent of sales than do restaurant sales, partially offset by higher markdowns on retail merchandise.

Cost of goods sold as a percentage of total revenue in 2005 remained flat compared to 2004 at 33.0%. This was due to higher commodity costs for beef, pork, poultry and produce and higher markdowns on retail merchandise offset by higher menu pricing and a lower percentage of retail sales, which have a higher cost as a percent of sales than do restaurant sales, and higher initial mark-ons of retail merchandise

Labor and Related Expenses

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. Labor expenses as a percentage of total revenue were 36.5%, 36.6% and 37.0% in 2006, 2005 and 2004, respectively. The year to year decrease from 2005 to 2006 was due to higher average menu prices versus the prior year and lower workers’ compensation expense and group health costs partially offset by higher hourly wages and store management salaries versus the prior year. The year to year decrease from 2004 to 2005 was due to lower bonuses under unit-level bonus programs, partially offset by higher hourly wage rates and manager wages versus the prior year.

Impairment and Store Closing Costs

During 2006 the Company decided to close seven Cracker Barrel stores and three Logan's restaurants and recorded impairment and store closing costs of $8,052. Additionally, during 2006 the Company recorded an impairment of $838 for its management trainee housing facility. The total impairment and store closing costs recorded in 2006 were $8,890. Impairment costs recorded in 2005 were $431.

Other Store Operating Expenses

Other store operating expenses include all unit-level operating costs, the major components of which are operating utilities, supplies, repairs and maintenance, advertising, rent, depreciation and amortization. Other store operating expenses as a percentage of total revenue were 18.1%, 17.4% and 17.0% in 2006, 2005 and 2004, respectively. The year to year increase from 2005 to 2006 was due to higher utilities and supplies partially offset by higher average menu prices. The decrease from 2004 to 2005 was due to higher utilities, advertising and maintenance expenses offset partially by higher menu pricing versus the prior year.

General and Administrative Expenses

General and administrative expenses as a percentage of total revenue were 5.9%, 5.1% and 5.3% in 2006, 2005 and 2004, respectively. The year to year increase from 2005 to 2006 was due to $9,900 of stock option expense as a result of the adoption of Statement of Financial Accounting Standard (“SFAS”) No. 123 (Revised 2004) “Share-Based

Payment" ("SFAS No. 123R") in 2006, higher salaries and wages versus the prior year and the non-recurrence of an insurance recovery in the prior year relative to litigation settlements and related expenses incurred in earlier years. The year to year decrease from 2004 to 2005 was due to lower legal fees compared to prior year, which included a legal settlement and an insurance recovery relative to litigation settlements and related expenses incurred in prior years, offset partially by higher salaries versus prior year.

Interest Expense

Interest expense increased to $22,298 in 2006 from $8,693 in 2005 and from $8,444 in 2004. The year to year increase from 2005 to 2006 was due to higher average outstanding debt, higher interest rates and higher amortization of deferred financing costs. The increase from 2004 to 2005 resulted from higher average outstanding debt and higher interest rates offset partially by lower amortization of deferred financing costs and higher capitalized interest.

Provision for Income Taxes

Provision for income taxes as a percent of income before income taxes was 30.8% for 2006, 34.6% for 2005 and 35.9% for 2004. The U.S. Internal Revenue Service ("IRS") has examined the Company's consolidated federal income tax returns through the year ended July 30, 2004. In March 2006, the Company reached a settlement with the IRS for these tax periods. The settlement had no material effect on the Company's Consolidated Financial Statements for the year ended July 28, 2006. The decrease in the effective tax rate from 2005 to 2006 reflected lower state and local income taxes, the reversal of previously accrued reserves and higher employer tax credits as a percent of income before income taxes due to the decrease in income before income taxes from 2005 to 2006. The reason for the decrease in the tax rate from 2004 to 2005 was the enactment of legislation signed on October 22, 2004 making the expired Work Opportunity and Welfare to Work federal tax credit retroactive to January 1, 2004.

Recently Adopted Accounting Pronouncements

Share-Based Compensation

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

Effective July 30, 2005, the Company, adopted the fair value recognition provisions of SFAS No. 123R. The Company elected to adopt using the modified prospective method, under which share-based compensation cost includes amortization over the respective vesting periods for (1) all share-based payments granted prior to, but not vested as of July 29, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123 and (2) all share-based payments granted subsequent to July 29, 2005, based on the grant date fair value estimated using a binomial lattice-based option valuation model. Share-based compensation under SFAS No. 123R is recorded in general and administrative expenses in the Consolidated Statement of Income in 2006.

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

Compensation cost for share-based payment arrangements recognized in general and administrative expenses for 2006 was $9,900 for stock options and $3,539 for restricted stock grants as compared to no expense for stock options and $1,261 for restricted stock in 2005. For 2006, the adoption of SFAS No. 123R decreased both the Company's reported operating income and income before income taxes by $9,900 and decreased reported net income by $6,851. The adoption of SFAS No. 123R decreased both reported basic and diluted net income per share by $0.16 and $0.15, respectively for 2006. The adoption of SFAS No. 123R for 2006 also resulted in a decrease in reported cash flow from operating activities of $6,441 offset by an increase in reported cash flow from financing activities of $6,441. Because the Company did not adopt SFAS No. 123R until July 30, 2005, operating income, income before income taxes, cash flow from operating activities, cash flow from financing activities, net income or basic and diluted net income per share during the year ended July 29, 2005 were not affected by its adoption.

As of July 28, 2006, there was $17,162 of total unrecognized compensation cost related to unvested share-based compensation arrangements that is expected to be recognized over a weighted-average period of 2.10 years. No restricted stock grants vested during 2006.

Rental Costs

In October 2005, the Financial Accounting Standards Board (the “FASB”) issued Staff Position No. FAS 13-1, “Accounting for Rental Costs Incurred during a Construction Period” (“FSP No. 13-1”). FSP No. 13-1 states that rental costs associated with ground or building operating leases that are incurred during a construction period shall be recognized as rental expense in income from continuing operations as opposed to capitalizing such rental costs. Although the provisions of FSP No. 13-1 are effective for the first reporting period beginning after December 15, 2005, the Company has chosen to early adopt this guidance in its first quarter of 2006. The early adoption of FSP No. 13-1 did not affect the Company’s consolidated results of operations or financial position since this treatment did not differ from the Company’s then-existing accounting policy.

Amortization Period of Leasehold Improvements

In September 2005, the FASB issued Emerging Issues Task Force (“EITF”) No. 05-6, “Determining the Amortization Period for Leasehold Improvements Purchased after Lease Inception or Acquired in a Business Combination” (“EITF 05-6”). EITF 05-6 states that leasehold improvements acquired in a business combination should be amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date of acquisition. EITF 05-6 further states that leasehold improvements placed in service significantly after and not contemplated at or near the beginning of a lease term should be amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date the leasehold improvements are purchased. This consensus does not apply to preexisting leasehold improvements. The provisions of EITF 05-6 are effective for leasehold improvements that are purchased or acquired in reporting periods beginning after September 28, 2005, with early adoption permitted. The Company adopted this guidance in the first quarter of 2006. The early adoption of EITF 05-6 did not affect the Company’s results of operations or financial position since this treatment did not differ from the Company’s then-existing accounting policy.

Taxes Collected from Customers

In June 2006, a consensus was reached by the FASB on EITF Issue No. 06-3, “How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)” (“EITF 06-3”). As permitted by the provisions of EITF 06-3, the Company’s policy is to present sales in the income statement on a net presentation basis after deducting sales tax.

Recent Accounting Pronouncements Not Yet Adopted

In June 2006, the FASB issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109” (“FIN 48”), which clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with FASB No. 109, “Accounting for Income Taxes”. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company is currently evaluating the impact of adopting FIN 48 and cannot yet determine the impact of its adoption in the first quarter of 2008.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk. The Company is subject to market risk exposure related to changes in interest rates. As of October 2, 2006, the Company has a $723,000 Term Loan B and has in place a $200,000 Delayed-Draw Term Loan facility, which mature on April 27, 2013 and a $250,000 Revolving Credit Facility, which matures April 27, 2011. The

Term Loan B and the facilities bear interest, at the Company's election, either at the prime rate or a percentage point spread from LIBOR based on certain financial ratios set forth in the loan agreement. At July 28, 2006, the Company had $723,000 outstanding under the Term Loan B and no amounts outstanding under the Delayed-Draw or the Revolving Credit facilities.

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

The Company's policy has been to manage interest cost using a mix of fixed and variable rate debt (see Notes 6, 12 and 14). To manage this risk in a cost efficient manner, the Company entered into an interest rate swap on May 4, 2006 in which it agreed to exchange with a counterparty, at specified intervals effective August 3, 2006, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Interest rate swaps that meet specific conditions under SFAS No. 133 are accounted for as cash flow hedges. The swapped portion of our Term Loan B will be fixed at a rate of 5.57% plus our then current credit spread, or 7.07% based on today's credit spread, over the 7-year life of the term loan and the interest rate swap. The swapped portion is $525,000 to May 2, 2007, $650,000 from May 3, 2007 to May 4, 2008, $625,000 from May 5, 2008 to May 3, 2009, $600,000 from May 4, 2009 to May 2, 2010, $575,000 from May 3, 2010 to May 2, 2011, $550,000 from May 3, 2011 to May 2, 2012, and $525,000 for May 3, 2012 to May 2, 2013. The estimated fair value of this interest rate swap liability was $7,220 at July 28, 2006 and is included in other long-term obligations. The offset to the interest rate swap liability is in other comprehensive loss, net of the deferred tax asset. Any portion of the fair value of the swap determined to be ineffective will be recognized currently in earnings.

While changes in the prime rate or LIBOR would affect the cost of funds borrowed in the future, the Company believes that the effect, if any, of reasonably possible near-term changes in interest rates on the Company's consolidated financial position, results of operations or cash flows would not be material.

Commodity Price Risk. Many of the food products purchased by the Company are affected by commodity pricing and are, therefore, subject to price volatility caused by weather, production problems, delivery difficulties and other factors which are outside the control of the Company and which are generally unpredictable. Four food categories (beef, dairy (including eggs), pork and poultry) account for the largest shares of the Company's food purchases at approximately 19%, 11%, 10% and 9%, respectively. Other categories affected by the commodities markets, such as produce and seafood, may each account for as much as 6% of the Company's food purchases. While the Company has some of its food items prepared to its specifications, the Company's food items are based on generally available products, and if any existing suppliers fail, or are unable to deliver in quantities required by the Company, the Company believes that there are sufficient other quality suppliers in the marketplace that its sources of supply can be replaced as necessary. The Company also recognizes, however, that commodity pricing is extremely volatile and can change unpredictably and over short periods of time. Changes in commodity prices would affect the Company and its competitors generally, and depending on the terms and duration of supply contracts, sometimes simultaneously. The Company also enters into supply contracts for certain of its products in an effort to minimize volatility of supply and pricing. In many cases, or over the longer term, the Company believes it will be able to pass through some or much of the 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, as happened in 2005.

Strategic Initiatives

As previously announced in the Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on March 17, 2006, the Company, with the assistance of a financial advisor, undertook a review of its capital structure and other potential initiatives intended to enhance shareholder value (the "Review").

The Review, to date, has resulted in: 1) the repurchase of 16,750,000 shares of the Company's common stock at $42.00 per share pursuant to a modified "Dutch Auction" tender offer (the "Tender Offer"); 2) the execution by the Company, effective April 27, 2006, of a $1.25 billion credit facility (the "2006 Credit Facility") including an $800 million term loan facility, a $200 million delayed-draw term loan facility and a $250 million revolving credit facility; and 3) the draw of $725 million under the term loan facility to finance the Tender Offer and the cancellation of the remaining $75 million under the term loan facility. Simultaneously with the term loan draw, the Company entered into an interest rate swap that fixed the interest rate on a portion of the term loan draw at 5.57% plus the Company's then current credit spread, or 7.07% based on today's credit spread, over the 7-year life of the term loan and the interest rate swap. The $200 million delayed-draw term loan facility can be used any time prior to October 27, 2007 to refinance the Company's 3.0% zero-coupon contingently convertible senior notes (the “Senior Notes”) or for general corporate purposes. The Company, pursuant to the Review, also announced its intention to divest itself of its wholly-owned subsidiary, Logan’s, subject to achieving fair and satisfactory consideration and approval of the Company’s Board of Directors. In the event of a divestiture of Logan’s, the 2006 Credit Facility requires the Company to maintain a maximum specified consolidated total leverage ratio from the closing date of the divestiture and thereafter. This ratio will determine the minimum excess cash that the Company must use to pay down its term loan. The remaining proceeds of that divestiture could be used to repurchase additional CBRL common stock, to reduce debt further and/or for other general corporate purposes.

Standard & Poor’s (“S & P”) issued a “credit watch/negative” notice with respect to the Company’s indebtedness when the Review was disclosed. Subsequently in March 2006, S & P lowered its rating on the Company’s corporate credit and Senior Notes from BBB- to BB+ upon the announcement of the approval of the plan to incur indebtedness and repurchase shares pursuant to the Tender Offer. In May 2006, S & P again lowered the rating on the Senior Notes to B+ reflecting the relatively large amount of secured debt and lowered the rating on the new 2006 Credit Facility to BB while taking the Company off its credit watch. Moody’s Investor Service (“Moody’s”) changed the Company’s outlook to “developing” when the Review was disclosed. Subsequently in March 2006, Moody’s downgraded the Company’s corporate family rating to Ba1 from Baa3, resulting from the Company’s entering into the 2006 Credit Facility. At that time, Moody’s also placed these ratings under review for possible downgrade. Subsequently in April 2006 as a result of the Company’s plan to draw on the 2006 Credit Facility to finance the Tender Offer, Moody’s downgraded the Company’s Senior Notes to Ba3 from Ba1 and the corporate family rating to Ba2 from Ba1, assigned a rating of Ba2 to the 2006 Credit Facility and assigned a stable rating outlook for the Company.

In the event that either or both of the Company’s ratings decline further, the Company may incur an increase in future borrowing costs. Additionally, since the rating from Moody’s declined to Ba3 and the Standard & Poor’s rating declined below BB- each $1 (face value at maturity) Senior Note became convertible into 10.8584 shares of the Company’s common stock (approximately 4.6 million shares in the aggregate). The Company has received verification from the Trustee of the Senior Notes that, as of September 29, 2006, no holders of the Senior Notes have exercised their option to convert. Additionally, the Senior Notes are callable at the Company’s election in the third quarter of the Company’s 2007 fiscal year or putable at the holder’s election at the same time and every fifth anniversary thereafter. The Company has classified the Senior Notes as long-term obligations due to the Company’s intent and ability to refinance these Senior Notes on a long-term basis.

Liquidity and Capital Resources

The following table presents a summary of the Company’s cash flows for the last three years:

	2006	2005	2004
Net cash provided by operating activities	$214,846	$281,164	$200,481
Net cash used in investing activities	(137,072)	(170,066)	(143,666)
Net cash used in financing activities	(5,385)	(122,700)	(42,429)
Net increase (decrease) in cash and cash equivalents	$ 72,389	$(11,602)	$ 14,386

The Company’s cash generated from operating activities was $214,846 in 2006. Most of this cash was provided by net income adjusted by depreciation and amortization, increases in other long-term obligations, other accrued expenses and income taxes payable, decreases in inventories and other adjustments to net income from the tax benefit realized upon exercise of stock options, accretion on zero coupon contingently convertible senior notes, impairment charges and loss on disposition of property partially offset by decreases in deferred income taxes and accrued employee benefits and increases in other assets.

The Company had negative working capital of $25,585 at July 28, 2006 versus negative working capital of $104,862 at July 29, 2005. In the restaurant industry, substantially all sales are either for cash or third-party credit card. Like many other restaurant companies, the Company is able to, and may from time to time, operate with negative working capital. Restaurant inventories purchased through the Company's principal food distributor are on terms of net zero days, while restaurant inventories purchased locally generally are financed from normal trade credit. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through wire transfers. These various trade terms are aided by rapid turnover of the restaurant inventory. Employees generally are paid on weekly, bi-weekly or semi-monthly schedules in arrears for hours worked, and certain expenses such as certain taxes and some benefits are deferred for longer periods of time.

Capital expenditures (purchase of property and equipment) were $144,926, $171,447 and $144,611 in 2006, 2005 and 2004, respectively. Costs of new locations accounted for the majority of these expenditures. Capital expenditures in 2006 are net of proceeds from insurance recoveries of $1,365.

The Company's new Term Loan B and internally generated cash, along with cash at July 29, 2005, proceeds from stock option exercises, the Company's available revolver and the Company's ability to enter into real estate operating lease arrangements, were sufficient to finance all of its growth, share repurchase, dividend and other cash payment obligations in 2006.

In 2002, the Company issued $422,050 (face value at maturity) of Senior Notes, maturing on April 2, 2032, and received proceeds totaling approximately $172,756 prior to debt issuance costs. The Senior Notes require no cash interest payments and were issued at a discount representing a yield to maturity of 3.00% per annum. The Notes are redeemable at the Company's option on or after April 3, 2007, and the holders of the Notes may require the Company to redeem the Notes on April 3, 2007, 2012, 2017, 2022 or 2027, and in certain other circumstances. In addition, each $1 (face value at maturity) Note is convertible into 10.8584 shares of the Company's common stock (approximately 4.6 million shares in the aggregate) . The Company's closing share price, as reported by Nasdaq, on July 28, 2006 was $32.41. During the third quarter of 2006, since the rating from Moody's declined to Ba3 and the Standard & Poor's rating declined below BB-, each Note became convertible into 10.8584 shares of the Company's common stock. As of September 29, 2006, the Company has received verification from the Trustee that no holders have exercised their option to convert. After the adoption of EITF No. 04-08, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share," in the second quarter of 2005, the Company was required to include approximately 4.6 million shares in its diluted shares outstanding related to its convertible debt. Additionally, diluted consolidated net income per share is calculated excluding the after-tax interest and financing expenses associated with the Senior Notes, since these Senior Notes are treated as if converted into common stock although at the end of 2005 and 2006 the Senior Notes were not actually converted into stock, nor did the requirements exist that would have allowed them to be converted. Obligations under the Company's Senior Notes, which may require short-term repayments in 2007, have been classified as long-term debt, reflecting the Company's intent and ability to refinance these borrowings through its existing $200,000 delayed-draw term loan and its existing credit facilities.

At the beginning of 2006, the Company had 821,081 shares remaining under repurchase authorizations previously in effect at the end of 2005. During 2006, the Company did not make any share repurchases with the exception of those made in the Tender Offer. The Company has not determined when it expects to repurchase the remaining 821,081 shares authorized; this matter will be reviewed in connection with the timing and amount of proceeds from the potential divestiture of Logan's. The Company's principal criteria for share repurchases are that they be accretive to net income per share and are within the limits imposed by the Company's debt covenants under the 2006 Credit Facility.

During 2006 the Company received proceeds of $27,283 from the exercise of stock options to acquire 1,057,103 shares of its common stock and tax benefit upon exercise of stock options of $6,441.

During the first quarter of 2006, the Board approved a quarterly dividend of $0.13 per common share (an annual equivalent of $0.52 per share), an increase from a quarterly dividend of $0.12 approved in 2005. The Company paid such dividends of $0.13 per share during the second, third and fourth quarters of 2006 and the first quarter of 2007. Additionally, on September 21, 2006, the Board declared a dividend of $0.14 per share payable on November 8, 2006 to shareholders of record on October 20, 2006. This dividend reflects a 7.7% increase from the previous quarterly dividend.

The Company estimates that its capital expenditures (purchase of property and equipment) for 2007 will be up to $115,000, excluding capital expenditures for Logan's, most of which will be related to the acquisition of sites and construction of 19-20 new Cracker Barrel stores and openings that will occur during 2007, as well as for acquisition and construction costs for locations to be opened in 2008. Due to the uncertain timing of a possible Logan's divestiture, the Company is not providing an estimate for Logan's capital expenditures.

Management believes that cash at July 28, 2006, along with cash generated from the Company's operating activities, stock option exercises and available borrowings under the term loan and revolving credit facility, will be sufficient to finance its continued operations, its remaining share repurchase authorization, its continued expansion plans, its expected refinancing of its senior convertible notes, its principal payments on its debt and its dividend payments through 2007. At July 28, 2006, the Company had $209,492 available under its revolving credit facility.

Off-Balance Sheet Arrangements

Other than various operating leases, as disclosed more fully in the Material Commitments section below and Note 12 to the Company's Consolidated Financial Statements, the Company has no other material off-balance sheet arrangements.

Material Commitments

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

The Company's contractual cash obligations and commitments as of July 28, 2006, are summarized in the tables below:

		Payments due by Year			
	Total	2007	2008-2009	2010-2011	After 2011
Term Loan B	$ 723,000	$ 8,000	$ 16,000	$ 16,000	$ 683,000
Convertible Debt	196,464	--	--	--	196,464
Long-term debt(a)	919,464	8,000	16,000	16,000	879,464
Operating lease base term and exercised options - excluding billboards (b)	443,471	35,602	71,290	68,060	268,519
Operating lease renewal periods not yet exercised - excluding billboards (c)	390,243	32	861	2,030	387,320
Operating leases for billboards	36,769	19,866	16,789	107	7
Capital leases	143	123	20	--	--
Purchase obligations (d)	290,870	235,652	35,931	18,856	431
Other long-term obligations(e)	30,202	--	2,513	683	27,006
Total contractual cash obligations	$ 2,111,162	$ 299,275	$ 143,404	$ 105,736	$ 1,562,747

	Amount of Commitment Expirations by Year				
	Total	2007	2008-2009	2010-2011	After 2011
Revolving Credit facility	$ 250,000	--	--	$ 250,000	--
Delayed-Draw Term Loan facility (f)	$ 200,000	--	--	--	$ 200,000
Standby letters of credit	40,508	$ 24,936	$ 15,572	--	--
Guarantees (g)	2,584	361	721	721	$ 781
Total commitments	$ 493,092	$ 25,297	$ 16,293	$ 250,721	$ 200,781

(a) The Convertible Debt was issued at a discount representing a yield to maturity of 3.00% per annum. The $196,464 balance is the accreted carrying value of the debt at July 28, 2006. The Convertible Debt will continue to accrete at 3.00% per annum and if held to maturity on April 2, 2032 the obligation will total $422,050. The balance on the Term Loan B is $723,000 at July 28, 2006. Using the minimum principal payment schedule on the Term Loan B and a 7.07% interest rate, which is the same rate as the Company's fixed rate under its interest rate swap plus its current credit spread of 1.50%, the Company will have interest payments of $52,310, $100,938, $98,650 and $84,582 in 2007, 2008-2009, 2010-2011 and after 2011, respectively. The Company had no amounts outstanding under its variable rate Revolving Credit facility as of July 28, 2006. The Company paid $1,001 in non-use fees (also known as commitment fees) on the Revolving Credit facility during 2006. Based on no outstanding revolver balance at July 28, 2006 and the Company's current unused commitment fee as defined in the Revolving Credit Agreement, the Company's unused commitment fees in 2007 would be $2,086; however, the actual amount will differ based on actual usage of the Revolving Credit facility in 2007.

(b) Includes base lease terms and certain optional renewal periods that have been exercised and are included in the lease term in accordance with SFAS No. 13.
(c) Includes certain optional renewal periods that have not yet been exercised, but are included in the lease term for the straight-line rent calculation, since at the inception of the lease, it is reasonably assured that the Company will exercise those renewal options.
(d) Purchase obligations consist of purchase orders for food and retail merchandise; purchase orders for capital expenditures, supplies and other operating needs and other services; and commitments under contracts for maintenance needs and other services. We excluded long-term agreements for services and operating needs that can be cancelled within 60 days without penalty. We included long-term agreements for services and operating needs that can be cancelled with more than 60 days notice without penalty only through the term of the notice. We included long-term agreements for services and operating needs that can be cancelled with a penalty through the entire term of the contract. Due to the uncertainties of seasonal demands and promotional calendar changes, our best estimate of usage for food, supplies and other operating needs and services is ratably over either the notice period or the remaining life of the contract, as applicable, unless we had better information available at the time related to each contract.
(e) Other long-term obligations include the Company’s Non-Qualified Savings Plan ($24,860, with a corresponding long-term asset to fund the liability; see Note 13 to the Consolidated Financial Statements), Deferred Compensation Plan ($2,573), FY2005 and FY2006 Mid-Term Incentive and Retention Plans ($422, cash portion only; see Note 9 to the Consolidated Financial Statements), FY2004, FY2005 and FY2006 Long-Term Retention Incentive Plans ($2,192) and FY2006 SOX Retention Plan ($155).
(f) The $200,000 Delayed-Draw Term Loan facility can be used any time prior to October 27, 2007 to refinance the Company’s Senior Notes or for general corporate purposes and any term loans under this facility mature April 27, 2013.
(g) Consists solely of guarantees associated with properties that have been subleased or assigned. The Company is not aware of any non-performance under these arrangements that would result in the Company having to perform in accordance with the terms of those guarantees.

Critical Accounting Policies and Estimates

The Company prepares its Consolidated Financial Statements in conformity with GAAP. The preparation of these financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period (see Note 2 to the Company's Consolidated Financial Statements). Actual results could differ from those estimates. Critical accounting policies are those that management believes are both most important to the portrayal of the Company's 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. The Company bases its estimates on historical experience, outside advice from parties believed to be experts in such matters, and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. The Company considers the following policies to be most critical in understanding the judgments that are involved in preparing its Consolidated Financial Statements.

Impairment of Long-Lived Assets and Provision for Asset Dispositions

Property and Equipment

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

During 2006, the Company decided to close seven Cracker Barrel stores and three Logan’s restaurants, which resulted in impairment charges and store closing costs of $8,052. Initially these impairments were recorded based upon the lower of each unit’s carrying amount or fair value. The units’ fair values were largely determined based upon estimates provided by third-party appraisers using market comparables. The impaired locations were closed in February 2006 and were classified at that time as held for sale and were remeasured at their fair values less the costs to sell. The locations were closed due to weak financial performance, an unfavorable outlook, and relatively positive prospects for proceeds from disposition for certain locations. Additionally, during 2006 the Company recorded an impairment of $838 on its Cracker Barrel management trainee housing facility. As of July 28, 2006, the Company had sold three Cracker Barrel stores and one Logan’s restaurant and expects the sale of the remaining four owned properties to be completed within one year. The store closing charges included employee termination benefits, lease termination and other costs and are included in the impairment and store closing charges line on the accompanying Consolidated Statement of Income. The Company also recorded an impairment loss of $431 in 2005 with respect to a Cracker Barrel store that was approved to relocate to a stronger site in the same market.

Goodwill

In addition, at least annually, the Company assesses the recoverability of goodwill and other intangible assets. The impairment tests require the Company to estimate fair values of its restaurant concepts by making assumptions regarding future cash flows and other factors. This valuation may reflect, among other things, such external factors as capital market valuation for public companies comparable to the operating unit. If these assumptions change in the future, or if operating performance declines, the Company may be required to record impairment charges for these assets and such charges could be material.

Insurance Reserves

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

Tax Provision

The Company must make estimates of certain items that comprise its income tax provision. These estimates include employer tax credits for items such as FICA taxes paid on employee tip income, Work Opportunity and Welfare to Work credits, as well as estimates related to certain depreciation and capitalization policies. These estimates are made based on the best available information at the time of the provision and historical experience. The Company files its income tax returns many months after its 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. The Company then must assess the likelihood of successful legal proceedings or reach a settlement, either of which could result in material adjustments to the Company’s Consolidated Financial Statements and its consolidated financial position.

Share-Based Compensation

In accordance with the adoption of SFAS No. 123R, the Company recognized share-based compensation expense in 2006. This included expensing stock options as share-based compensation in 2006, which had not been required or done in previous years. The fair value of each option award granted subsequent to July 29, 2005 was estimated on the date of grant using a binomial lattice-based option valuation model. This model incorporates the following ranges of assumptions:

- The expected volatility is a blend of implied volatility based on market-traded options on the Company's 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.

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

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

Unredeemed Gift Cards and Certificates

Unredeemed gift cards and certificates represent a liability of the Company related to deferred revenue and are recorded at their expected redemption value. 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 for those states that exempt gift cards and certificates from their escheat laws 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 for those states that do not exempt gift cards and certificates from their escheat laws and reduces its liability and records revenue accordingly. 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.

Legal Proceedings

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

The Company is a member of a class of a settled lawsuit against Visa U.S.A. Inc. ("Visa") and MasterCard International Incorporated ("MasterCard"). The Visa Check/Mastermoney Antitrust litigation settlement became final on June 1, 2005. The settlement provides $3,050,000 in compensatory relief by Visa and MasterCard to be funded over a fixed period of time to respective Settlement Funds. The Company expects to receive approximately $1,700 ($900 after taxes and third party collection fees) as its share of the proceeds from the settlement. The Company believes this settlement represents an indeterminate mix of loss recovery and gain contingency and therefore believes the application of a gain contingency model is the appropriate model to use for the entire amount of expected proceeds. Therefore, the Company decided to exclude the expected settlement proceeds from recognition in the consolidated financial statements for the year ended July 28, 2006. At the time the settlement is known beyond a reasonable doubt, the Company will record such gain contingency.

Management’s Report on Internal Control over Financial Reporting

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

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

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. We have concluded that our internal control over financial reporting was effective as of July 28, 2006, based on these criteria.

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

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

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of CBRL Group, Inc. and subsidiaries (the “Company”) as of July 28, 2006 and July 29, 2005, 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 28, 2006. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of CBRL Group, Inc. and subsidiaries as of July 28, 2006 and July 29, 2005, and the results of their operations and their cash flows for each of the three fiscal years in the period ended July 28, 2006, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8 to the consolidated financial statements, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share Based Payment* effective July 30, 2005, which resulted in the Company changing the method in which it accounts for share-based compensation.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of July 28, 2006, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 3, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
October 3, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that CBRL Group, Inc. and subsidiaries (the "Company") maintained effective internal control over financial reporting as of July 28, 2006, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of July 28, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 28, 2006, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the consolidated financial statements as of and for the year ended July 28, 2006, of the Company and our report dated October 3, 2006, expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph referring to the Company adopting the fair value recognition provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share Based Payment* effective July 30, 2005.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
October 3, 2006

CBRL GROUP, INC.
CONSOLIDATED BALANCE SHEET

	(In thousands except share data)	
ASSETS	July 28, 2006	July 29, 2005
Current Assets:		
Cash and cash equivalents	$ 89,562	$ 17,173
Property held for sale	4,716	--
Receivables	14,629	13,736
Inventories	138,176	142,804
Prepaid expenses	5,996	7,238
Deferred income taxes	17,017	9,532
Total current assets	270,096	190,483
Property and Equipment:		
Land	339,865	328,362
Buildings and improvements	745,416	709,730
Buildings under capital leases	3,289	3,289
Restaurant and other equipment	396,550	359,533
Leasehold improvements	262,525	228,859
Construction in progress	25,004	34,275
Total	1,772,649	1,664,048
Less: Accumulated depreciation and amortization of capital leases	502,565	445,750
Property and equipment - net	1,270,084	1,218,298
Goodwill	93,724	93,724
Other assets	47,393	30,767
Total	$ 1,681,297	$ 1,533,272

See Notes to Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$	83,846	$	97,710
Current maturities of long-term debt and other long-term obligations		8,116		210
Taxes withheld and accrued		38,126		36,396
Income taxes payable		22,444		22,211
Accrued employee compensation		48,718		49,283
Accrued employee benefits		40,570		43,631
Deferred revenues		21,413		20,818
Other accrued expenses		32,448		25,086
Total current liabilities		295,681		295,345
Long-term debt		911,464		212,218
Other long-term obligations		66,918		48,411
Deferred income taxes		104,952		107,310
Commitments and Contingencies (Note 12)				
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; 2006 - 30,926,906 shares issued and outstanding; 2005 - 46,619,803 shares issued and outstanding		309		466
Additional paid-in capital		4,257		--
Accumulated other comprehensive (loss)		(4,529)		--
Retained earnings		302,245		869,522
Total shareholders' equity		302,282		869,988
Total	$	1,681,297	$	1,533,272

See Notes to Consolidated Financial Statements.

CBRL GROUP, INC.
CONSOLIDATED STATEMENT OF INCOME

	(In thousands except share data) Fiscal years ended July 28, 2006	July 29, 2005	July 30, 2004
Total revenue	$ 2,642,997	$ 2,567,548	$ 2,380,947
Cost of goods sold	845,644	847,045	785,703
Gross profit	1,797,353	1,720,503	1,595,244
Labor and other related expenses	963,922	939,849	880,617
Impairment and store closing charges (see Note 2)	8,890	431	--
Other store operating expenses	479,165	445,455	405,139
Store operating income	345,376	334,768	309,488
General and administrative	155,847	132,606	126,501
Operating income	189,529	202,162	182,987
Interest expense	22,298	8,693	8,444
Interest income	818	96	5
Income before income taxes	168,049	193,565	174,548
Provision for income taxes	51,758	66,925	62,663
Net income	$ 116,291	$ 126,640	$ 111,885
Net income per share - basic	$ 2.71	$ 2.65	$ 2.29
Net income per share - diluted	$ 2.50	$ 2.45	$ 2.12
Basic weighted average shares outstanding	42,917,319	47,791,317	48,877,306
Diluted weighted average shares outstanding	48,044,440	53,382,007	54,952,633

See Notes to Consolidated Financial Statements.

CBRL GROUP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balances at August 1, 2003	47,872,542	$ 479	--	--	$ 788,883	$ 789,362
Cash dividends declared - $.44 per share	--	--	--	--	(21,556)	(21,556)
Share-based compensation	--	--	$ 116	--	--	116
Exercise of stock awards	2,666,126	27	50,067	--	--	50,094
Tax benefit realized upon exercise of stock options	--	--	12,641	--	--	12,641
Purchases and retirement of common stock	(1,769,300)	(18)	(48,842)	--	(20,346)	(69,206)
Net income	--	--	--	--	111,885	111,885
Balances at July 30, 2004	48,769,368	488	13,982	--	858,866	873,336
Cash dividends declared - $.48 per share	--	--	--	--	(22,991)	(22,991)
Share-based compensation	--	--	1,261	--	--	1,261
Exercise of stock awards	1,921,354	19	38,061	--	--	38,080
Tax benefit realized upon exercise of stock options	--	--	12,990	--	--	12,990
Purchases and retirement of common stock	(4,070,919)	(41)	(66,294)	--	(92,993)	(159,328)
Net income	--	--	--	--	126,640	126,640
Balances at July 29, 2005	46,619,803	466	--	--	869,522	869,988
Comprehensive Income:						
Net income	--	--	--	--	116,291	116,291
Change in fair value of interest rate swap, net of tax benefit of $2,691 (See Notes 2 and 6.)	--	--	--	$ (4,529)	--	(4,529)
Total comprehensive income	--	--	--	(4,529)	116,291	111,762
Cash dividends declared - $.52 per share	--	--	--	--	(22,471)	(22,471)
Share-based compensation	---	--	13,439	--	--	13,439
Exercise of stock awards	1,057,103	11	27,272	--	--	27,283
Tax benefit realized upon exercise of stock options	--	--	6,441	--	--	6,441
Purchases and retirement of common stock	(16,750,000)	(168)	(42,895)	--	(661,097)	(704,160)
Balances at July 28, 2006	30,926,906	309	4,257	$ (4,529)	302,245	302,282

See Notes to Consolidated Financial Statements.

CBRL GROUP, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	(In thousands) Fiscal years ended July 28, 2006	July 29, 2005	July 30, 2004
Cash flows from operating activities:			
Net income	$ 116,291	$ 126,640	$ 111,885
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	72,278	67,321	63,868
Loss on disposition of property and equipment	1,859	3,654	3,334
Impairment	7,662	431	--
Accretion on zero-coupon contingently convertible senior notes	5,747	5,579	5,408
Share-based compensation	13,439	1,261	116
Excess tax benefit from share-based compensation	(6,441)	12,990	12,641
Changes in assets and liabilities:			
Receivables	(893)	(3,934)	(652)
Inventories	4,628	(984)	(5,800)
Prepaid expenses	1,242	1,131	563
Other assets	(5,657)	(11,465)	(4,863)
Accounts payable	(13,864)	44,415	(28,877)
Taxes withheld and accrued	1,730	1,857	2,436
Income taxes payable	6,674	3,640	10,394
Accrued employee compensation	(565)	(183)	(687)
Accrued employee benefits	(3,061)	4,341	508
Deferred revenues	595	1,471	3,712
Other accrued expenses	8,910	(2,679)	6,356
Other long-term obligations	11,424	12,396	5,755
Deferred income taxes	(7,152)	13,282	14,384
Net cash provided by operating activities	214,846	281,164	200,481
Cash flows from investing activities:			
Purchase of property and equipment	(146,291)	(171,447)	(144,611)
Proceeds from insurance recoveries of property and equipment	1,365	--	--
Proceeds from sale of property and equipment	7,854	1,381	945
Net cash used in investing activities	(137,072)	(170,066)	(143,666)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	1,343,500	609,700	150,000
Proceeds from exercise of stock options	27,283	38,080	50,094
Principal payments under long-term debt and other long-term obligations	(642,232)	(588,388)	(157,125)
Purchases and retirement of common stock	(704,160)	(159,328)	(69,206)
Dividends on common stock	(24,019)	(22,764)	(16,191)
Excess tax benefit from share-based compensation	6,441	--	--
Deferred financing costs	(12,198)	--	(1)
Net cash used in financing activities	(5,385)	(122,700)	(42,429)
Net increase (decrease) in cash and cash equivalents	72,389	(11,602)	14,386
Cash and cash equivalents, beginning of year	17,173	28,775	14,389
Cash and cash equivalents, end of year	$ 89,562	$ 17,173	$ 28,775

Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized	$ 1,755	$ 1,178	$ 1,108
Income taxes	52,703	37,848	26,501

See Notes to Consolidated Financial Statements.

1. Description of the Business

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

Financial instruments - The fair values of cash and cash equivalents, accounts receivable, and accounts payable as of July 28, 2006, approximate their carrying amounts due to their short duration. The carrying value and fair value of the Company's zero-coupon contingently convertible senior notes (the "Senior Notes") in long-term debt at July 28, 2006 were $196,464 and $195,726, respectively. The fair value of the Senior Notes in long-term debt is determined based on market prices using the average of the bid and ask prices as of July 28, 2006. The fair value of the Company's variable-rate Term Loan B approximates its carrying value. The estimated fair value of the Company's interest rate swap liability on a portion of its Term Loan B is included in other long-term obligations (see "Derivative instruments and hedging activities" in this Note).

The Company adopted Emerging Issues Task Force ("EITF") No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share" issued by the Financial Accounting Standards Board ("FASB"), in the second quarter of 2005. EITF 04-8 requires the use of "if-converted" accounting for contingently convertible debt regardless of whether the contingencies allowing debt holders to convert have been met. The adoption of EITF 04-8 resulted in the Company's Senior Notes (see Note 4 for the impact on the net income per share calculation and Note 6 for a description of these Senior Notes) representing a dilutive security and requiring approximately 4.6 million shares to be included in diluted weighted average shares outstanding for the calculation of diluted net income per share. Additionally, diluted consolidated net income per share is calculated excluding the after-tax interest and financing expenses associated with the Senior Notes since these Senior Notes are treated as if converted into common stock. EITF 04-8 affects only the calculation of diluted net income per share, and has no effect on the financial statements themselves or on the terms of the Senior Notes.

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

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

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

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

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

Depreciation expense was $71,049, $66,687 and $62,304 for 2006, 2005 and 2004, respectively. Accelerated depreciation methods are generally used for income tax purposes.

Capitalized interest was $756, $870 and $615 for 2006, 2005 and 2004, respectively.

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

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

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

During 2006, the Company decided to close seven Cracker Barrel stores and three Logan’s restaurants, which resulted in impairment charges and store closing costs of $8,052. Initially these impairments were recorded based upon the lower of unit carrying amount or fair value. The units’ fair values largely were determined based upon estimates provided by third-party appraisers using market comparables. The impaired locations were closed in February 2006 and were classified at that time as held for sale and were remeasured at their fair value less cost to sell. The locations were closed due to weak financial performance, an unfavorable outlook, and relatively positive prospects for proceeds from disposition for certain locations. Additionally, during 2006, the Company recorded an impairment of $838 on its Cracker Barrel management trainee housing facility. As of July 28, 2006, the Company had sold three Cracker Barrel stores and one Logan’s restaurant and expects the sale of the remaining four owned properties to be completed within one year. The store closing charges included employee termination benefits, lease termination and other costs and are included in the impairment and store closing charges line on the accompanying Consolidated Statement of Income. The remaining accrual for store closing costs at July 28, 2006 was $494. The Company also recorded an impairment loss of $431 in 2005 with respect to a Cracker Barrel store that was approved to relocate to a stronger site in the same market. The results of operations for all restaurants closed in fiscal 2006 and 2005 are not material to our consolidated financial position, results of operations or cash flows, and, therefore, have not been presented as discontinued operations.

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

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

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

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

Advertising - The Company expenses the costs of producing advertising the first time the advertising takes place. Net advertising expense was $43,336, $44,409 and $38,442 for 2006, 2005 and 2004, respectively.

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

Goodwill -- Goodwill represents the excess of the cost over the net tangible and identifiable intangible assets from the acquisition of Logan’s in 1999. The Company accounts for goodwill and other intangibles under SFAS No. 142, “Goodwill and Other Intangible Assets.” Goodwill and other intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. SFAS No. 142 requires a two-step process for testing impairment. First, the fair value of each reporting unit is compared to its carrying value to determine whether an indication of impairment exists. This valuation may reflect, among other things, such external factors as capital market valuation for public companies comparable to the operating unit. If an impairment is indicated, then the implied fair value of the reporting unit’s goodwill is determined by allocating the unit’s fair value to its assets and liabilities (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination. The amount of impairment for goodwill and other intangible assets is measured as the excess of its carrying value over its implied fair value. The Company performs its annual assessment during its second quarter. There were no indications of impairment for 2004, 2005 or 2006. Additionally, an assessment is performed between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

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. Initial fees received from a franchisee to establish a new franchise are recognized as income when the Company has performed all of its obligations required to assist the franchisee in opening a new franchise restaurant, which is generally upon the opening of that restaurant. Continuing royalties, which are a percentage of net sales of franchised restaurants, are accrued as income when earned. As permitted by the provisions of EITF 06-3, “How Taxes Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement (That Is, Gross versus Net Presentation)”, the Company’s policy is to present sales in the Consolidated Statement of Income on a net presentation basis after deducting sales tax.

Unredeemed gift cards and certificates - Unredeemed gift cards and certificates represent a liability of the Company related to deferred revenue and are recorded at their expected redemption value. For those states that exempt gift cards and certificates from their escheat laws, the Company makes estimates of the ultimate unredeemed 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 and records revenue accordingly. 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.

Income taxes - Employer tax credits for FICA taxes paid on employee tip income and other employer tax credits are accounted for by the flow-through method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes (see Note 10).

Net income per share - Basic consolidated net income per share is computed by dividing consolidated net income 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. Additionally, diluted consolidated net income per share is calculated excluding the after-tax interest and financing expenses associated with the Senior Notes since these Senior Notes are treated as if converted into common stock (see Notes 4 and 6). The Company's Senior Notes, outstanding employee and director stock options and restricted stock (also known as unvested shares) issued by the Company represent the only dilutive effects on diluted net income per share.

Share-based compensation - The Company has four share-based compensation plans for employees and non-employee directors, which authorize the granting of stock options, restricted stock, and other types of awards consistent with the purpose of the plans (see Note 8). The number of shares authorized for issuance under the Company's plans as of July 28, 2006 totals 26,294,452, of which 2,241,128 shares were available for future issuance. Stock options granted under these plans are granted with an exercise price equal to the market price of the Company's stock on the date immediately preceding the date of the grant (except grants made to employees under the Company's 2002 Omnibus Incentive Compensation Plan, whose exercise price is equal to the closing price on the day of the grant); those option awards generally vest at a cumulative rate of 33% per year beginning on the first anniversary of the grant date and expire ten years from the date of grant.

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

Had the Company used the fair value based accounting method for stock compensation expense prescribed by SFAS Nos. 123 and 148 for 2005 and 2004, the Company's consolidated net income and net income per share would have been reduced to the pro-forma amounts illustrated as follows:

	2005	2004
Net income - as reported	$ 126,640	$ 111,885
Add: Total share-based employee compensation included in reported net income, net of related tax effects	825	74
Deduct: Total share-based compensation expense determined under fair-value based method for all awards, net of tax effects	(9,624)	(10,900)
Net income - pro forma	$ 117,841	$ 101,059
Net income per share:		
Basic - as reported	$ 2.65	$ 2.29
Basic - pro forma	$ 2.47	$ 2.07
Diluted - as reported	$ 2.45	$ 2.12
Diluted - pro forma	$ 2.29	$ 1.92

The Company adopted SFAS 123R "Share-Based Payment" on July 30, 2005 (see Note 8).

Segment reporting - The Company accounts for its segment in accordance with SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information." SFAS No. 131 requires that a public company report annual and interim financial and descriptive information about its reportable operating segments. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. SFAS No. 131 allows aggregation of similar operating segments into a single operating segment if the businesses are considered similar under the criteria established by SFAS No. 131. Utilizing these criteria, the Company manages its business on the basis of one reportable operating segment (see Note 11).

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

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

The Company's policy has been to manage interest cost using a mix of fixed and variable rate debt (see Notes 6, 12 and 14). To manage this risk in a cost efficient manner, the Company entered into an interest rate swap on May 4, 2006 in which it agreed to exchange with a counterparty, at specified intervals effective August 3, 2006, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Interest rate swaps that meet specific conditions under SFAS No. 133 are accounted for as cash flow hedges. The swapped portion of the Term Loan B will be fixed at a rate of 5.57% plus the Company's then current credit spread, or 7.07% based on today's credit spread, over the 7-year life of the term loan and the interest rate swap. The swapped portion is $525,000 to May 2, 2007, $650,000 from May 3, 2007 to May 4, 2008, $625,000 from May 5, 2008 to May 3, 2009, $600,000 from May 4, 2009 to May 2, 2010, $575,000 from May 3, 2010 to May 2, 2011, $550,000 from May 3, 2011 to May 2, 2012, and $525,000 for May 3, 2012 to May 2, 2013. The estimated fair value of this interest rate swap liability was $7,220 at July 28, 2006 and is included in other long-term obligations. The offset to the interest rate swap liability is in other comprehensive income (loss), net of the deferred tax asset. Any portion of the fair value of the swap determined to be ineffective will be recognized currently in earnings.

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

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.

Recent Accounting Pronouncements Not Yet Adopted - In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with FASB No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company is currently evaluating the impact of adopting FIN 48 and cannot yet determine the impact of its adoption in the first quarter of 2008.

3. Inventories

Inventories were comprised of the following at:

	July 28, 2006	July 29, 2005
Retail	$ 97,799	$ 101,604
Restaurant	19,930	21,588
Supplies	20,447	19,612
Total	$ 138,176	$ 142,804

4. Consolidated Net Income Per Share and Weighted Average Shares

Basic consolidated net income per share is computed by dividing consolidated net income by the weighted average number of common shares outstanding for the reporting period. Diluted consolic 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. Additionally, diluted consolidated net income per share is calculated excluding the after-tax interest and financing expenses associated with the Senior Notes (as described in Notes 2 and 6) since these Senior Notes are treate if converted into common stock. The Senior Notes, outstanding employee and director stock options and restricted stock issued by the Company represent the only dilutive effects on diluted net income share. The following table reconciles the components of the diluted net income per share computations:

	July 28, 2006	July 29, 2005	July 30, 2004
Net income per share numerator:			
Net income	$ 116,291	$ 126,640	$ 111,885
Add: Interest and loan acquisition costs associated with Senior Notes, net of related tax effects	3,977	4,330	4,485
Net income available to common shareholders	$ 120,268	$ 130,970	$ 116,370
Net income per share denominator:			
Weighted average shares outstanding for basic net income per share	42,917,319	47,791,317	48,877,306
Add potential dilution:			
Senior Notes	4,582,788	4,582,788	4,582,788
Stock options and restricted stock	544,333	1,007,902	1,492,539
Weighted average shares outstanding for diluted net income per share	48,044,440	53,382,007	54,952,633

5. Tender Offer

On March 31, 2006, the Company commenced a tender offer in which it sought to acquire up to 16,750,000 shares of its common stock at a price between $42.00 and $46.00 per share (“the Tender Offer”). The Tender Offer expired on April 27, 2006, at which time approximately 23,500,000 shares were tendered at a price of $42.00 per share. The Tender Offer met the definition of a forward contract under SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.” As of April 28, 2006, the obligation to settle the Tender Offer of $702,852 and the related transaction fees of $1,219 were recorded as a liability and a reduction to shareholders’ equity. On May 4, 2006, the Company accepted for payment 16,750,000 shares of its common stock at a purchase price of $42.00 per share for a total purchase price of $703,500. In accordance with SFAS No. 150, the difference of $648 between the fair market value of the obligation at April 28, 2006 of $702,852 and the total purchase price of $703,500 was included in interest expense in the Company’s fourth quarter. The Company contemporaneously drew $725,000 under its new credit facility, described in Note 6, to pay for the shares accepted in the Tender Offer and related transaction fees and expenses.

6. Debt

Long-term debt consisted of the following at:

	July 28, 2006	July 29, 2005
Term Loan B payable $2,000 per quarter with the remainder due on April 27, 2013	$ 723,000	--
$300,000 Revolving Credit Facility payable on or before February 21, 2008 terminated on April 27, 2006	--	$ 21,500
3.0% Zero-Coupon Contingently convertible Senior Notes payable on or before April 2, 2032	196,464	190,718
	919,464	212,218
Current maturities of Term Loan B	(8,000)	--
Long-term debt	$ 911,464	$ 212,218

Effective April 27, 2006, the Company entered into a $1,250,000 credit facility (the “2006 Credit Facility”) that consisted of up to $1,000,000 in term loans (an $800,000 Term Loan B facility and a $200,000 Delayed-Draw Term Loan facility) with a scheduled maturity date of April 27, 2013 and a $250,000 Revolving Credit facility expiring April 27, 2011. As described in Note 5, contemporaneously with the acceptance of shares in the Tender Offer, on May 3, 2006, the Company drew $725,000 under the $800,000 available under the Term Loan B facility, which was used to pay for the shares accepted in the Tender Offer, fees associated with the 2006 Credit Facility and the related transaction costs. The $200,000 Delayed-Draw Term Loan facility can be used any time prior to October 27, 2007 to refinance the Company’s Senior Notes or for general corporate purposes.

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

Loan acquisition costs associated with the Term Loan B, Revolving Credit facility and Delayed-Draw Term Loan facility were capitalized in the amount of $7,122 (net of $656 in commitment fees that were written off in 2006 related to the $75,000 availability that was not drawn on the Term Loan B), $2,456, and $1,964, respectively, and will be amortized over the respective terms of the facilities. Financial covenants related to the 2006 Credit Facility require that the Company maintain a maximum consolidated total leverage ratio (ratio of total indebtedness to EBITDA, which is defined as earnings before interest, taxes, depreciation and amortization) of 4.5 to 1.0 through April 27, 2007, 4.25 to 1.0 from April 28, 2007 through May 2, 2008, 4.0 to 1.0 from May 3, 2008 through May 1, 2009 and 3.75 to 1.0 from May 2, 2009 and thereafter. In the event of a divestiture of Logan’s, the Company must maintain a maximum consolidated total leverage ratio of 3.75 to 1.0 from the closing date of the divestiture and thereafter, as this ratio will determine the minimum amount of any excess cash that the Company would be required to pay down its Term Loan B. Financial covenants also require that the Company maintain a minimum consolidated interest coverage ratio (ratio of earnings before interest, taxes, depreciation and amortization to cash interest payable, as defined) of 3.0 to 1.0 through April 27, 2007, 3.25 to 1.0 from April 28, 2007 through May 2, 2008, 3.5 to 1.0 from May 3, 2008 through May 1, 2009, 3.75 to 1.0 from May 2, 2009 through April 30, 2010 and 4.0 to 1.0 from April 31, 2010 and thereafter. Subject to there being no events of default, covenants under the 2006 Credit Facility permit the Company to declare and pay cash dividends to its stockholders as long as the Company has at least $100,000 available under its Revolving Credit Facility and the aggregate amount of such dividends paid during any fiscal year would be less than 15% of Consolidated EBITDA from continuing operations, as defined, for the fiscal year immediately preceding the fiscal year in which such dividend is paid. Additionally, the Company may increase its regular quarterly cash dividend in any fiscal quarter by an amount not to exceed the greater of $.01 or 10% of the amount of the regular quarterly cash dividend paid in the prior fiscal quarter. The Company’s subsidiaries have fully and unconditionally guaranteed on a joint and several basis the obligations under the 2006 Credit Facility and pledged their outstanding stock. Contemporaneously with entering into the 2006 Credit Facility, the Company terminated its then-existing $300,000 revolving credit agreement; at the time of termination, no amounts were outstanding.

In 2002, the Company issued $422,050 (face value at maturity) of Senior Notes, maturing on April 2, 2032, and received proceeds totaling approximately $172,756 prior to debt issuance costs. The Senior Notes require no cash interest payments and were issued at a discount representing a yield to maturity of 3.00% per annum. The Senior Notes are redeemable at the Company's option on or after April 3, 2007, and the holders of the Senior Notes may require the Company to redeem the Senior Notes on April 3, 2007, 2012, 2017, 2022 or 2027, and in certain other circumstances. In addition, each $1 (face value at maturity) Senior Note is convertible into 10.8584 shares of the Company's common stock (approximately 4.6 million shares in the aggregate). During the quarter ended April 28, 2006, the Company's credit ratings decreased below the thresholds defined in the indenture and the Senior Notes became convertible. As of September 29, 2006, the Company has received verification from the Trustee that no holders have exercised their option to convert. The Company has classified the Senior Notes as long-term obligations due to the Company's intent and ability to refinance these Senior Notes on a long-term basis. The Company's closing share price, as reported by Nasdaq, on July 28, 2006 was $32.41.

All subsidiaries of the Company have fully and unconditionally guaranteed on a joint and several basis the obligations under the Senior Notes. Each guarantor is, directly or indirectly, a wholly-owned affiliate of the parent company, CBRL Group, Inc., which has no independent assets or operations.

The aggregate maturities of long-term debt subsequent to July 28, 2006 are as follows:

Year		
2007	$	8,000
2008		8,000
2009		8,000
2010		8,000
2011		8,000
2012 and thereafter		879,464
Total	$	919,464

7. Compensatory Plans and Arrangements

In connection with the Company's announced strategic review, the Company's Compensation and Stock Option Committee (the "Committee") of the Board approved, pursuant to the Omnibus Plan (described below), the "2006 Success Plan" for certain officers of the Company. During 2006, the Company recorded expense of $2,791 for this plan as general and administrative expenses on the accompanying Consolidated Statement of Income. The maximum amount payable under the 2006 Success Plan is $7,815. The amounts payable under the 2006 Success Plan will become earned and payable six months after the completion or cessation of certain of the Company's strategic initiatives.

8. Stock Compensation Plans

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

The CBRL Group, Inc. 2002 Omnibus Incentive Compensation Plan (the "Omnibus Plan") allows the Committee to grant awards for an aggregate of 2,500,000 shares of the Company's common stock. The Omnibus Plan authorizes the following types of awards to all eligible participants other than non-employee directors: stock options, stock appreciation rights, stock awards, restricted stock, performance shares, cash bonuses, qualified performance-based awards or any other type of award consistent with the Omnibus Plan's purpose. Except as described below for certain options granted to non-employee directors the option price per share of all options granted under the Omnibus Plan are required to be at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day the option is granted. Under the Omnibus Plan, non-employee directors are granted annually on the day of the annual shareholders meeting an option to purchase up to 5,000 shares of the Company's common stock, and awards of up to 2,000 shares of restricted stock or restricted stock units. The option price per share will be at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day preceding the day the option is granted. Additionally, non-employee directors newly elected or appointed between an annual shareholders meeting (typically in November) and the following July 31 receive an option on the day of election or appointment to acquire up to 5,000 shares of the Company's common stock or awards of up to 2,000 shares of restricted stock or restricted stock units. Options granted to date under the Omnibus Plan become exercisable each year at a cumulative rate of 33% per year and expire ten years from the date of grant. At July 28, 2006, there were 1,331,530 shares of the Company's common stock reserved for future issuance under the Omnibus Plan.

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

The Company also has an Amended and Restated Stock Option Plan (the "Plan") that allowed the Committee to grant options to purchase an aggregate of 17,525,702 shares of the Company's common stock. At July 28, 2006, there were 909,598 shares of the Company's common stock reserved for future issuance under the Plan. The option price per share under the Plan must be at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day preceding the day the option is granted. Options granted to date under the Plan generally have been exercisable each year at a cumulative rate of 33% per year and expire ten years from the date of grant.

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

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

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

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

The adoption of SFAS No. 123R decreased 2006 reported operating income and income before income taxes by $9,900, reported net income by $6,851 and reported basic and diluted net income per share by $0.16 and $0.15 per share, respectively for 2006. The pre-tax expense is included in general and administrative expense. The adoption of SFAS No. 123R resulted in a decrease in reported cash flow from operating activities of $6,441 offset by an increase in reported cash flow from financing activities of $6,441 in 2006. The Company's adoption of SFAS No.

123R did not affect operating income, income before income taxes, cash flows from operating activities, cash flows from financing activities, net income or basic and diluted net income per share in 2005.

In recent years, partly in anticipation of the adoption of SFAS No.123R, the Company has adjusted the mix of employee long-term incentive compensation by reducing stock options awarded and increasing certain cash-based compensation and other equity-based awards. Compensation cost for share-based payment arrangements recognized in general and administrative expenses for 2006 was $9,900 for stock options and $3,539 for restricted stock. The total income tax benefit recognized in the Consolidated Statement Income for 2006 for share-based compensation arrangements was $4,139.

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 28, 2006
Dividend yield range	1.18%-1.59%
Expected volatility	28%-31%
Risk-free interest rate range	3.8%-5.5%
Expected term (in years)	2.12-6.22

A summary of the Company's stock option activity as of July 28, 2006, and changes during 2006 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 29, 2005	4,388	$ 27.91		
Granted	810	35.17		
Exercised	(1,055)	26.22		
Forfeited/Expired	(259)	32.60		
Outstanding at July 28, 2006	3,884	$ 29.57	6.11	$ 20,136
Exercisable	2,463	$ 25.61	4.70	$ 20,134

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

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

A summary of the Company's restricted stock activity as of July 28, 2006, and changes during 2006 is presented in the following table:

(Shares in thousands) Restricted Stock	Shares	Weighted-Average Grant Date Fair Value
Unvested at July 29, 2005	173	$ 38.42
Granted	129	36.16
Vested	--	--
Forfeited	33	35.55
Unvested at July 28, 2006	269	$ 36.74

As of July 28, 2006, there was $17,162 of total unrecognized compensation cost related to unvested share-based compensation arrangements that is expected to be recognized over a weighted-average period of 2.10 years. No restricted stock grants vested during 2006.

During 2006, cash received from options exercised was $27,283 and the actual tax benefit realized for the tax deductions from stock options exercised totaled $6,441.

9. Common Stock

Pursuant to the Omnibus Plan, the Company granted 81,525, 165,000 and 7,500 shares of restricted stock during 2006, 2005 and 2004, respectively, to certain individuals as targeted retention or new hire grants as well as the annual grant to non-employee members of the Company's Board of Directors. 28,125 shares of restricted stock granted during 2006 were forfeited during 2006. The Company's compensation expense, net of forfeitures, for these restricted shares was $2,098, $494 and $116 in 2006, 2005 and 2004, respectively.

The Committee established the FY04 Revenue Growth and Return on Capital Transitional Incentive Plan ("Transitional LTI") pursuant to the Omnibus Plan, for the purpose of rewarding certain executive officers for company financial performance during 2004. The Transitional LTI plan was earned during 2004 based on the Company's achievement of qualified financial performance measures. The Company's compensation expense during 2004 for this award was $424. The Company issued 12,761 unrestricted shares of common stock for this award in 2005.

The Committee established the FY2005 and FY2006 Mid-Term Incentive and Retention Plans ("2005 MTIRP" and "2006 MTIRP", respectively) pursuant to the Omnibus Plan, for the purpose of rewarding certain officers. The 2005 MTIRP award was calculated during 2005 based on achievement of qualified financial performance measures, but restricted until vesting occurs on the last day of 2007. The 2006 MTIRP award was calculated during 2006 based on achievement of qualified financial performance measures, but restricted until vesting occurs on the last day of 2008. The awards will be paid in the form of either 50% restricted stock and 50% cash or 100% restricted stock, based upon the election of each officer. At July 28, 2006, the restricted stock and cash earned under the 2005 MTIRP was 42,505 shares and $400, respectively, and the restricted stock and cash earned under the 2006 MTIRP was 64,039 and $309, respectively. Additionally, cash dividends on the 2005 MTIRP restricted stock earned shall accrue from July 29, 2005 and be payable, along with the remainder of the award, to participants on the payout date in 2008.

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

10. Income Taxes

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

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

	July 28, 2006	July 29, 2005
Deferred tax assets:		
Financial accruals without economic performance	$ 40,914	$ 27,816
Other	7,062	4,359
Deferred tax assets	$ 47,976	$ 32,175
Deferred tax liabilities		
Excess tax depreciation over book	$ 96,458	$ 96,713
Excess tax interest over book on Senior Notes	14,646	10,615
Other	24,807	22,625
Deferred tax liabilities	135,911	129,953
Net deferred tax liability	$ 87,935	$ 97,778

The Company provided no valuation allowance against deferred tax assets recorded as of July 28, 2006 and July 29, 2005, 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 for each of the three years were as follows:

	2006	2005	2004
Current:			
Federal	$ 55,435	$ 49,768	$ 44,006
State	3,475	3,875	4,273
Deferred:			
Federal	(5,438)	11,069	13,172
State	(1,714)	2,213	1,212
Total income tax provision	$ 51,758	$ 66,925	$ 62,663

A reconciliation of the provision for income taxes 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:

	2006	2005	2004
Provision computed at federal statutory income tax rate	$ 58,817	$ 67,748	$ 61,092
State and local income taxes, net of federal benefit	2,489	5,896	5,578
Employer tax credits for FICA taxes paid on employee tip income	(5,919)	(5,334)	(4,781)
Federal reserve adjustments	(2,310)	493	808
Other employer tax credits	(2,219)	(2,141)	(1,245)
Other-net	900	(1,385)	774
Total income tax provision	$ 51,758	$ 66,925	$ 62,663

The Internal Revenue Service has examined the Company’s federal income tax returns for 2003 and 2004. The Company has reached a settlement with the Internal Revenue Service for these tax periods. The settlement had no material effect on the Company’s Consolidated Financial Statements.

11. Segment Information

Cracker Barrel units represent a single, integrated operation with two related and substantially integrated product lines. The operating expenses of the restaurant and retail product lines of a Cracker Barrel unit are shared and are indistinguishable in many respects. Likewise, Logan’s units are restaurant operations with investment criteria and economic and operating characteristics similar to those of Cracker Barrel. The chief operating decision maker regularly evaluates the Cracker Barrel and Logan’s restaurant and retail components in determining how to allocate resources and in assessing performance. Accordingly, the Company manages its business on the basis of one reportable operating segment. All of the Company’s operations are located within the United States. The following data are presented in accordance with SFAS No. 131 for all periods presented.

	2006	2005	2004
Net sales in company-owned stores:			
Restaurant	$ 2,169,248	$ 2,071,011	$ 1,892,487
Retail	471,282	494,160	486,433
Total net sales	2,640,530	2,565,171	2,378,920
Franchise fees and royalties	2,467	2,377	2,027
Total revenue	$ 2,642,997	$ 2,567,548	$ 2,380,947

12. Commitments and Contingencies

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

The Company is a member of a class of a settled lawsuit against Visa U.S.A. Inc. (“Visa”) and MasterCard International Incorporated (“MasterCard”). The Visa Check/Mastermoney Antitrust litigation settlement became final on June 1, 2005. The settlement provides $3,050,000 in compensatory relief by Visa and MasterCard to be funded over a fixed period of time to respective Settlement Funds. The Company expects to receive approximately $1,700 ($900 after taxes and third party collection fees) as its share of the proceeds from the settlement. The Company believes this settlement represents an indeterminate mix of loss recovery and gain contingency and therefore believes the application of a gain contingency model is the appropriate model to use for the entire amount of expected proceeds. Therefore, the Company decided to exclude the expected settlement proceeds from recognition in the consolidated financial statements for the year ended July 28, 2006. At the time the settlement is known beyond a reasonable doubt, the Company will record such gain contingency.

The Company was contingently liable pursuant to standby letters of credit as credit guarantees primarily related to insurers. As of July 28, 2006 the Company had $40,508 of standby letters of credit related primarily to securing reserved claims under workers' compensation and general liability insurance. All standby letters of credit are renewable annually and reduce the Company’s availability under its $250,000 revolving credit facility.

The Company is secondarily liable for lease payments under the terms of an operating lease that has been assigned to a third party. The operating lease has a remaining life of approximately 7.2 years, with annual lease payments of approximately $361. Under the assigned lease the Company’s performance is only required if the assignee fails to perform his obligations as lessee. At this time, the Company has no reason to believe that the assignee will not perform and, therefore, no provision has been made in the accompanying condensed consolidated financial statements for amounts to be paid as a result of non-performance by the assignee.

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.

The Company is party to certain indemnifications to third parties in the ordinary course of business. The probability of incurring an actual liability under such indemnifications is sufficiently remote so that no liability has been recorded.

As of July 28, 2006, the Company operated 153 Cracker Barrel stores and 73 Logan’s Roadhouse restaurants in leased facilities and also leased certain land and advertising billboards (see Note 14). These leases have been classified as either capital or operating leases. The interest rates for capital leases vary from 5% to 10%. Amortization of capital leases is included with depreciation expense. A majority of the Company's lease agreements provide for renewal options and some of these options contain escalation clauses. Additionally, certain store leases provide for percentage lease payments based upon sales volume in excess of specified minimum levels.

The following is a schedule by year of future minimum lease payments under capital leases, together with the present value of the minimum lease payments as of July 28, 2006:

Year		
2007	$	123
2008		20
Total minimum lease payments		143
Less amount representing interest		7
Present value of minimum lease payments		136
Less current portion		116
Long-term portion of capital lease obligations	$	20

The following is a schedule by year of the future minimum rental payments required under operating leases, excluding leases for advertising billboards, as of July 28, 2006. Included in the amounts below are optional renewal periods associated with such leases that the Company is currently not legally obligated to exercise; however, it is reasonably assured that the Company will exercise these options.

Year	Base term and exercised options*	Renewal periods not Yet exercised**	Total
2007	$ 35,602	$ 32	$ 35,634
2008	35,724	297	36,021
2009	35,566	564	36,130
2010	34,157	919	35,076
2011	33,903	1,111	35,014
Later years	268,519	387,320	655,839
Total	$ 443,471	$ 390,243	$ 833,714

*Includes base terms and certain optional renewal periods that have been exercised and are included in the lease term in accordance with SFAS No. 13 (see Note 2).
**Includes certain optional renewal periods that have not yet been exercised, but are included in the lease term for the straight-line rent calculation. Such optional renewal periods are included because it is reasonably assured by the Company that it will exercise such renewal options (see Note 2).

The following is a schedule by year of the future minimum rental payments required under operating leases for advertising billboards as of July 28, 2006:

Year		
2007	$	19,866
2008		11,717
2009		5,072
2010		97
2011		10
Later years		7
Total	$	36,769

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

	Minimum	Contingent	Total
2006	$ 38,084	$ 840	$ 38,924
2005	35,531	913	36,444
2004	33,111	852	33,963

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

	Minimum	Contingent	Total
2006	$ 24,938	--	$ 24,938
2005	23,374	--	23,374
2004	23,042	--	23,042

13. Employee Savings Plans

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

The Company also sponsors a non-qualified defined contribution retirement plan ("Plan II") covering highly compensated employees, as defined in the plan. Plan II allows eligible employees to defer receipt of up to 50% of their base compensation and 100% of their eligible bonuses, as defined in the plan. Contributions under both Plan I and Plan II may be invested in various investment funds at the employee's discretion. Such contributions, including the Company matching contribution described below, may not be invested in the Company's common stock. In 2006, 2005 and 2004, 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 2006, 2005, and 2004, the Company contributed approximately $1,371, $1,250 and $1,321, respectively, under Plan I and approximately $399, $473 and $345, 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 of $24,860 is included in other assets and the liability to Plan II participants of $24,860 is included in other long-term obligations. Company contributions under Plan I and Plan II are recorded as either labor and other related expenses or general and administrative expenses.

14. Sale-Leaseback

On July 31, 2000, Cracker Barrel completed a sale-leaseback transaction involving 65 of its owned units. Under the transaction, the land, buildings and building improvements at the locations were sold for net consideration of $138,325 and were leased back for an initial term of 21 years. Equipment was not included. The leases include specified renewal options for up to 20 additional years and have certain financial covenants related to fixed charge coverage for the leased units. At July 28, 2006 and July 29, 2005, the Company was in compliance with all those covenants. Net rent expense during the initial term is $14,963 annually, and the assets sold and leased back previously had depreciation expense of approximately $2,707 annually. The gain on the sale is being amortized over the initial lease term of 21 years.

15. Quarterly Financial Data (Unaudited)

Quarterly financial data for 2006 and 2005 are summarized as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2006				
Total revenue	$ 633,357	$ 694,356	$ 644,200	$ 671,084
Gross profit	434,036	458,486	442,383	462,448
Income before income taxes	39,331	46,696	36,115	45,907
Net income	25,722	30,797	23,972	35,800
Net income per share - basic	$ 0.55	$ 0.66	$ 0.51	$ 1.16
Net income per share - diluted (a)	$ 0.51	$ 0.61	$ 0.47	$ 1.03
2005				
Total revenue	$ 612,653	$ 667,189	$ 627,999	$ 659,707
Gross profit	412,811	430,800	424,297	452,595
Income before income taxes	46,048	49,533	40,625	57,359
Net income	29,930	32,578	26,571	37,561
Net income per share - basic	$ 0.61	$ 0.68	$ 0.56	$ 0.80
Net income per share - diluted (a)	$ 0.57	$ 0.63	$ 0.52	$ 0.74

(a) Diluted net income per share reflects the potential dilution effects of the Company's Senior Notes (as discussed in Notes 2, 4 and 6) for all quarters presented for 2006 and 2005.

EXHIBIT 21

Subsidiaries of the Registrant

The following is a list of the significant subsidiaries of the Registrant as of July 28, 2006, all of which are wholly-owned:

Parent	State of Incorporation
CBRL Group, Inc.	& # 1 6 0 ; Tennessee
Subsidiaries	
Cracker Barrel Old Country Store, Inc.	Tennessee
Logan’s Roadhouse, Inc.	Tennessee
CBOCS Distribution, Inc. (dba Cracker Barrel Old Country Store)	Tennessee
CBOCS Properties, Inc. (dba Cracker Barrel Old Country Store)	Michigan
CBOCS West, Inc. (dba Cracker Barrel Old Country Store)	Nevada
Rocking Chair, Inc.	Nevada

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567, 33-45482, 333-01465, 333-63442, 333-71384, 333-81063 and 333-111364 of CBRL Group, Inc. on Form S-8 and Registration Statement Nos. 33-59582, 333-90996-02 and 333-90996-13 on Form S-3 of our reports dated October 3, 2006 (which reports express an unqualified opinion and include an explanatory paragraph referring to the Company adopting the fair value recognition provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), Share Based Payment effective July 30, 2005), relating to the consolidated financial statements of CBRL Group, Inc. and management’s report on the effectiveness of internal control over financial reporting, appearing in and incorporated by reference in the Annual Report on Form 10-K of CBRL Group, Inc. for the year ended July 28, 2006.

/s/ DELOITTE & TOUCHE LLP

Nashville, Tennessee
October 3, 2006

EXHIBIT 31.1

CERTIFICATION

I, Michael A. Woodhouse, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 2, 2006

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

EXHIBIT 31.2

CERTIFICATION

I, Lawrence E. White, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 2, 2006

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

Exhibit 32.1

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

In connection with the Annual Report of CBRL Group, Inc. (the “Issuer”) on Form 10-K for the fiscal year ended July 28, 2006, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael A. Woodhouse, Chairman, President and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: October 2, 2006

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

Exhibit 32.2

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

In connection with the Annual Report of CBRL Group, Inc. (the “Issuer”) on Form 10-K for the fiscal year ended July 28, 2006, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lawrence E. White, Senior Vice President-Finance and Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: October 2, 2006

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

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