

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934  
For the fiscal year ended July 28, 2000

Transition report pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934 (No Fee Required)

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number  
000-25225

CBRL GROUP, INC.

(Exact name of registrant as specified in its charter)

Tennessee

(State or other jurisdiction of  
incorporation or organization)

62-1749513

(I.R.S. Employer  
Identification Number)

Hartmann Drive, P.O. Box 787  
Lebanon, Tennessee

(Address of principal executive offices)

37088-0787

(Zip code)

Registrant's telephone number, including area code:

(615)444-5533

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

None

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

Common Stock  
(Par Value \$.01)

Common Stock Purchase Rights  
(No Par Value)

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  
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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  
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The aggregate market value of voting stock held by nonaffiliates of the  
registrant is \$785,016,996 as of September 29, 2000. As of that date, there  
were 56,701,849 shares of common stock outstanding.

## Documents Incorporated by Reference

| Document from which Portions<br>are Incorporated by Reference  | Part of Form 10-K<br>to which incorporated |
|--|--|
| 1. Annual Report to Shareholders<br>for the fiscal year ended<br>July 28, 2000 (the "2000 Annual Report")                | Part II                                    |
| 2. Proxy Statement for Annual<br>Meeting of Shareholders<br>to be held November 21, 2000<br>(the "2000 Proxy Statement") | Part III                                   |

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Except for specific historical information, the matters discussed in this Form 10-K, as well as the 2000 Annual Report that is incorporated herein by reference, are forward-looking statements that involve risks, uncertainties and other factors which may cause actual results and performance of CBRL Group, Inc. to differ materially from those expressed or implied by those statements. Factors which will affect actual results include, but are not limited to: the effect of increased competition at Company locations on sales and labor recruiting, cost and retention; the ability of the Company to recruit, train and retain qualified restaurant hourly and management employees; the availability and costs of acceptable sites for development; the acceptance of the Company's concepts as the Company continues to expand into new geographic regions; the results of pending or threatened litigation; commodity price increases; adverse general economic conditions; changes in interest rates affecting the Company's financing costs; adverse weather conditions; changes in or implementation of additional governmental rules and regulations affecting wage and hour matters, health and safety, pensions and insurance; other undeterminable areas affected by governmental actions or regulations; and other factors described from time to time in the Company's filings with the Securities and Exchange Commission, press releases and other communications.

## PART I

## ITEM 1. BUSINESS

## OVERVIEW

CBRL Group, Inc. (the "Company") is a holding company that, through certain subsidiaries, is engaged in the operation and development of the Cracker Barrel Old Country Store(R), Logan's Roadhouse(R) and Carmine Giardini's Gourmet Market and La Trattoria Ristorante(TM) restaurant and retail concepts. The Company was organized under the laws of the state of Tennessee in August 1998.

## CONCEPTS

## Cracker Barrel Old Country Store

Cracker Barrel Old Country Store, Inc. ("Cracker Barrel" ), headquartered in Lebanon, Tennessee, through its various subsidiaries operates, as of October 25, 2000, 432 full service "country store" restaurants and gift shops which are located in 40 states, primarily the southeast, midwest, mid-atlantic and southwest United States. Stores principally are located along interstate highways, however, ten stores are located at "tourist destinations" and sixteen "off-interstate" stores are located at locations that are neither a tourist destination nor an interstate location. The restaurants serve breakfast, lunch and dinner between the hours of 6:00 a.m. and 10:00 p.m. (11:00 p.m. on Fridays and Saturdays) and feature home style country cooking prepared on the premises 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. The restaurants do not serve alcoholic beverages. The stores are constructed in a rustic, country store design and feature a separate retail area offering a wide variety of decorative and functional

items specializing in hand-blown glassware, cast iron cookware, toys, apparel and wood crafts as well as various old fashioned candies, jellies and other foods. Cracker Barrel stores appeal to both the traveler and the local customer and have consistently been a consumer favorite. Cracker Barrel was ranked as the top family dining chain for the tenth consecutive year in the 1999 Restaurants & Institutions magazine "Choice in Chains" annual customer survey.

#### Logan's Roadhouse

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Logan's Roadhouse, Inc. ("Logan's"), headquartered in Nashville, Tennessee, through its various subsidiaries operates, as of October 25, 2000, 70 company-owned Logan's Roadhouse restaurants and franchises eight Logan's Roadhouse restaurants in 15 states, featuring steaks, ribs, chicken and seafood dishes served in a distinctive atmosphere reminiscent of an American roadhouse of the 1940s and 1950s.

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Logan's serves lunch and dinner between the hours of 11:00 a.m. and 10:00 p.m. (11:00 p.m. on Fridays and Saturdays). The Logan's Roadhouse 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. The fun atmosphere is enhanced by a complimentary Wurlitzer(TM) Jukebox, display cooking of grilled items, and complimentary peanuts which the guests are encouraged to enjoy and let the shells fall on the floor. The restaurants are open seven days a week for lunch and dinner and offer full bar service. Alcoholic beverages represented approximately 9% of Logan's total revenue in fiscal 2000. The Logan's Roadhouse menu is designed to appeal to a wide variety of tastes, emphasizing extra-aged, hand-cut USDA choice steaks, and signature dishes such as fried green tomatoes, baked sweet potatoes and made-from-scratch yeast rolls.

#### Carmine Giardini's Gourmet Market and La Trattoria Ristorante

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Carmine Giardini's is headquartered in Palm Beach Gardens, Florida and operates three full-service gourmet markets in that state. The markets offer gourmet specialties with a strong Italian influence, featuring such items as fresh seafood, meats, prepared foods, deli items, wines and cheeses. The Palm Beach Gardens store also includes an upscale Italian restaurant called La Trattoria Ristorante and was the model for the expansion of the concept. A new store in Aventura, Florida featuring both the market and restaurant was opened in April 2000. This store will be used to test the viability of this concept beyond the other two locations. Because the peak season in south Florida is the time period from Thanksgiving through Mother's Day, an evaluation of the new location and the future potential for this concept is not expected to be possible until near the end of fiscal 2001.

#### OPERATIONS

##### Cracker Barrel Old Country Store

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**Store Format:** The format of Cracker Barrel stores consists of a rustic, country-store style building. All stores are freestanding buildings. Store interiors are subdivided into a dining room consisting of approximately 30% of the total interior store space, and a retail shop consisting of approximately 22% of such space, with the balance primarily consisting of kitchen and storage areas. All stores have functioning stone fireplaces, which burn wood wherever permitted, and are decorated with antique-style furnishings and other authentic and nostalgic items of the past, similar to those used and sold in original old country stores. The front porch of each store features a row of the signature Cracker Barrel rocking chairs that are used by guests waiting for a table and are sold in the retail shop. The kitchens contain modern food preparation and storage equipment allowing for flexibility in menu variation and development.

**Products:** Cracker Barrel's restaurants, which generated approximately 76% of Cracker Barrel's total revenue in fiscal 2000, offer rural American cooking featuring Cracker Barrel's own recipes. In keeping with Cracker Barrel's emphasis on authenticity and quality, Cracker Barrel restaurants prepare menu selections on the premises. 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. Prices for a breakfast meal ranging from \$1.99 to \$7.99. Lunch and dinner items include country ham, chicken, fish, steak, roast beef, beans, turnip greens, vegetable plates, salads, sandwiches, soups and specialty items such as beef stew with cornbread. Lunches and dinners range

in price from \$2.99 to \$13.99. The average check per customer for fiscal 2000 was \$6.99. Cracker Barrel from time to time adjusts its prices. A price increase of approximately 2% was instituted in December 1999 followed by a smaller price increase of approximately 1% in June 2000.

The retail area of the stores, which generated approximately 24% of Cracker Barrel's total revenue in fiscal 2000, offers a wide variety of decorative and functional items such as hand-blown glassware, cast iron cookware, old-fashioned crockery, handcrafted figurines, classic children's toys, apparel and various other gift items, as well as various candies, preserves, smoked sausage, syrups and other food items. Many of the candy items, smoked bacon, jellies and jams along with

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other high quality products are sold under the "Cracker Barrel Old Country Store" brand name.

**Product Development and Merchandising:** Cracker Barrel maintains a product development department, which develops new and improved menu items in response to shifts in customer preferences and to create customer interest. Cracker Barrel merchandising specialists are involved on a continuing basis in selecting and positioning merchandise in the retail shop. Management believes that Cracker Barrel has adequate flexibility to meet future shifts in consumer preference on a timely basis. Coordinated seasonal promotions are used regularly in the restaurants and retail shops.

**Store Management and Quality Controls:** Cracker Barrel store management typically consists of a general manager, four associate managers and a retail manager who are responsible for approximately 100 employees on two shifts. The relative complexity of operating a Cracker Barrel Old Country Store requires an effective management team at the individual store level. As a motivation to store managers to improve sales and operational efficiency, Cracker Barrel has a bonus plan designed to provide store management with an opportunity to share in the profits of their store. Starting in fiscal 2000, Cracker Barrel implemented a supplemental bonus plan, providing managers an opportunity to earn an additional bonus based on achieving specific operational targets. Cracker Barrel also offers managers and certain hourly employees stock options based on their position and tenure. To assure that individual stores are operated at a high level of quality, Cracker Barrel emphasizes the selection and training of store managers and employs District Managers to support individual store managers and Regional Vice Presidents to support individual District Managers. Each District Manager's individual span of control typically is seven to eight individual restaurants, and Regional Vice Presidents support ten to eleven District Managers. Each store and District, respectively, are assigned to both a restaurant and a retail District Manager and Regional Vice President.

The store management recruiting and training program begins with an evaluation and screening process. In addition to multiple interviews and background and experience verification, Cracker Barrel conducts testing which is 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 eight weeks of in-store training and three 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 with ongoing training through its various management development classes. Additionally, the Company is developing internet-based computer-assisted instruction capability to train both hourly and management staff consistently at all locations using satellite communications.

**Purchasing and Distribution:** Cracker Barrel negotiates directly with food vendors as to price and other material terms of most food purchases. Cracker Barrel purchases the majority of its food products and restaurant supplies on a cost-plus basis through an unaffiliated distributor with custom distribution centers in Lebanon, Tennessee; Dallas, Texas; Gainesville, Florida; and Belcamp, Maryland. The distributor is responsible for placing food orders and 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.

Cracker Barrel is a party to a "Prime Vendor Contract". The contract pricing terms were adjusted in July 2000, and 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.

Three food categories (pork, beef and poultry) account for the largest shares of Cracker Barrel's food purchasing expense at approximately 14%, 14% and 12% each, respectively. The single food item within these categories accounting for the largest share of Cracker Barrel's food purchasing expense is chicken tenderloin. Cracker Barrel presently purchases its pork through six vendors, beef through five vendors and poultry through seven vendors. Cracker Barrel purchases its chicken

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tenderloin through five vendors. Should any food items from these vendors become unavailable for any reason, management is of the opinion that these food items could be obtained in sufficient quantities from other sources at competitive prices.

The majority of retail items are purchased directly by Cracker Barrel, warehoused at its owned Lebanon distribution center and shipped to the stores. This distribution center is a 367,200 square foot facility with 36 foot ceilings and 170 bays. The facility originally was built in 1993 and expanded in 1996. On December 20, 1996, Cracker Barrel signed a dedicated carriage agreement with an unaffiliated transportation company for the transportation of retail merchandise from the Cracker Barrel distribution center throughout the contiguous 48 states. This agreement, which is for a period of 48 months, sets forth the relationship between the respective companies and is structured to facilitate the growth of Cracker Barrel's retail business over the term of the agreement. The transportation company or Cracker Barrel may terminate the agreement on any annual anniversary date by giving the other party 60 days prior written notice. On September 18, 2000, Cracker Barrel gave notice to the retail transportation company that it will not renew the current contract beyond April 1, 2001. Cracker Barrel is currently engaged in final negotiations with another unaffiliated transportation company with respect to retail merchandise carriage at the conclusion of the existing contract. It is not expected that the terms of a new contract would have a material effect on the Company. Certain retail items are drop-shipped directly from Cracker Barrel's vendors to its stores.

**Cost and Inventory Controls:** Costs are closely monitored by management to determine if any material variances in food costs or operating expenses have occurred. Management monitors individual store sales daily. Cracker Barrel's computer systems are used to analyze store operating information by providing management reports for continual monitoring of sales mix and detailed operational cost data as well as information on sales trends and inventory levels to facilitate retail purchasing decisions. These systems are also used in the development of budget analyses and planning.

**Customer Satisfaction:** Cracker Barrel is committed to providing its customers a country-cooked meal, served with genuine hospitality in a comfortable environment, in a way that evokes memories of the past. Cracker Barrel is also committed to staffing each store with an experienced management team to ensure attentive customer service and consistent food quality. Through the regular use of customer surveys and store visits by its District Managers and Regional Vice Presidents, management receives valuable feedback, which it uses to improve the stores and to demonstrate Cracker Barrel's continuing commitment to pleasing its guests.

**Marketing:** To reach consumers in the primary trade area for each Cracker Barrel store and also interstate travelers and tourists, outdoor advertising is the primary advertising media utilized, accounting for approximately 50% of advertising expenditures in fiscal 2000. In recent years Cracker Barrel has utilized other types of media, such as television, radio and print, in its core markets to maintain customer awareness, and outside of its core markets to increase name awareness and to build brand loyalty. Cracker Barrel defines its core market based on geographic location, longevity in the market and name awareness in the market. However, Cracker Barrel changed its advertising strategy for fiscal 2000 to reduce overall advertising spending as a percentage of net sales and to reallocate a portion of the advertising dollars previously spent on television, radio and print media to other marketing programs. Cracker Barrel decreased its overall advertising spending from 2.8% of Cracker Barrel's net sales in fiscal 1999 to 2.4% of Cracker Barrel's net sales in fiscal 2000. Cracker Barrel plans to decrease its overall advertising spending to 2.3% of Cracker Barrel's net sales in fiscal 2001. Outdoor advertising should represent approximately 50% of advertising expenditures in fiscal 2001 as it did in fiscal 2000 and as it had in fiscal years prior to 1999. 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.

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Store Format: Logan's Roadhouse restaurants are constructed of rough-hewn cedar siding in combination with bands of corrugated metal outlined in double-striped, red neon with a yellow washlight. Interiors are decorated with hand-painted murals depicting scenes reminiscent of American roadhouses of the 1940s and 1950s, concrete and wooden planked floors, neon signs, and feature Wurlitzer(TM) jukeboxes playing contemporary country hits. The lively, country "honky-tonk" atmosphere seeks to appeal to families, couples, single adults and business persons. The restaurants also feature display cooking and an old-fashioned meat counter displaying steaks, ribs, seafood and salads, and 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, and watch as cooks prepare steaks and other entrees on gas-fired mesquite grills.

Products: Logan's restaurants offer a wide variety of items designed to appeal to a broad range of consumer tastes. Specialty appetizers include Logan's fried green tomatoes, hot wings Roadhouse style, baby back ribs basket and Roadhouse nachos. Logan's dinner menu features an assortment of specially seasoned USDA choice steaks, extra-aged, and cut by hand on premises. Guests may also choose from baby back ribs, seafood, mesquite grilled shrimp, mesquite grilled pork chops, grilled and barbecue chicken and an assortment of hamburgers, salads and sandwiches. All dinner entrees include dinner salad, made-from-scratch yeast rolls and a choice of brown sugar and cinnamon sweet potato, baked potato, fries or rice pilaf at no additional cost. Logan's express lunch menu provides specially priced items guaranteed 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 at no additional cost. Prices range from \$4.59 to \$8.29 for lunch items and from \$7.99 to \$17.99 for dinner entrees. The average check per customer for fiscal 2000 was \$11.25. Logan's adjusts its prices from time to time and increased menu prices approximately 1% in October 1999 and approximately 3% in June 2000.

Product Development and Merchandising: Logan's strives to obtain consistent quality items at competitive prices from reliable sources. Logan's tests various new products in an effort to obtain the highest quality products possible and to be responsive to changing customer tastes. In order to maximize operating efficiencies and to provide the freshest 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.

Store Management and Quality Controls: Store management typically consists of a general manager, one kitchen manager and four assistant managers who are responsible for approximately 100 hourly employees. Each store 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 the standards of quality and performance established by Logan's corporate management. Management believes that guests benefit from the attentive service and high quality food, which results from having six managers in every restaurant. Logan's generally seeks as managers for each restaurant, two non-management employees promoted into management positions who therefore fully understand the Logan's Roadhouse concept, and four managers with high levels of previous management experience. To assure that individual restaurants are operated at a high level of quality, Logan's has Regional Managers to support individual store managers and two Vice Presidents of Operations to support individual Regional Managers. Each Regional Manager supports 4 to 5 individual restaurants. Through regular visits to the restaurants, the Vice Presidents of Operations and the Regional Managers ensure that the Logan's concept, strategy and standards of quality are being adhered to in all aspects of restaurant operations.

Logan's requires that its restaurant managers have significant experience in the full-service restaurant industry. All new managers are required to complete a comprehensive ten-week training course conducted at a Logan's Roadhouse restaurant, emphasizing the Logan's operating strategy, procedures and standards. In November 2000 Logan's expects to open a modern training facility in

Nashville, Tennessee to support and improve the training of new management candidates.

Purchasing and Distribution: Logan's negotiates directly with food vendors as to price and other material terms of most food purchases. Logan's purchases the majority of its food products and restaurant supplies on a cost-plus basis through the same unaffiliated distributor as 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 category accounting for the largest share (approximately 36%) of Logan's food purchasing expense is beef. Each Logan's restaurant employs a butcher who hand-cuts beef on premises. Logan's presently purchases its beef through two supply contracts. Should any beef items from these vendors become unavailable for any reason, management believes that such items could be obtained in sufficient quantities from other sources at competitive prices.

Cost and Inventory Controls: Management closely monitors sales, product costs and labor at each of its restaurants. Weekly restaurant operating results are analyzed by management to detect trends at each location, and negative trends are promptly remedied where possible. Financial controls are maintained through management of an accounting and information management system that is implemented at the restaurant level. Administrative and management staff prepare 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 period performance. These systems are also used in the development of budget analyses and planning.

Customer Satisfaction: Logan's is committed to providing its customers prompt, friendly, efficient service, keeping table-to-server ratios low and staffing each restaurant with an experienced management team to ensure attentive customer service and consistent food quality. Through the regular use of customer surveys and an independently run "mystery shoppers" program, management receives valuable feedback, which it uses to improve restaurants and demonstrate a continuing interest in customer satisfaction.

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. Logan's primarily uses radio and outdoor advertising in selected markets. Management's goal is to develop a sufficient number of restaurants in certain markets to permit the cost-efficient use of television, radio and outdoor advertising. Logan's currently spends approximately 1.5% of its net sales on advertising. Logan's also engages in a variety of promotional activities, such as contributing time, money and complimentary meals to charitable, civic and cultural programs, in order to increase public awareness of Logan's Roadhouse restaurants. Logan's also has numerous tie-ins with the National Football League's Tennessee Titans, including two concession facilities inside Nashville, Tennessee's Adelphia Coliseum (named "Logan's Landing") and various promotions during and around the games.

Franchising: Prior to the Company acquiring Logan's Roadhouse, Inc., Logan's entered into three area development agreements and accompanying franchise agreements. Franchisees operate 8 Logan's Roadhouse restaurants in 4 states, and they have rights under the existing agreements, subject to development terms, conditions and timing requirements, to open up to 19 additional locations in those same states plus parts of Oregon. Certain of the agreements provide for the possible acquisition of the franchise locations by Logan's under specified terms. Management is not considering any other future franchising opportunities beyond the current development agreements.

#### EXPANSION

The Company opened the following 30 new Cracker Barrel stores in fiscal 2000:

|            |        |  |
|------------|--------|--|
| Interstate | 10 (1) | Beaumont, Texas                                |
| Interstate | 26 (1) | Orangeburg, South Carolina                     |
| Interstate | 29 (1) | Sioux Falls, South Dakota                      |
| Interstate | 40 (2) | North Little Rock, Arkansas; Shawnee, Oklahoma |
| Interstate | 59 (1) | Gadsden, Alabama                               |
| Interstate | 64 (1) | Corydon, Indiana                               |
| Interstate | 70 (1) | Hagerstown, Maryland                           |
| Interstate | 71 (1) | Sunbury, Ohio                                  |
| Interstate | 75 (2) | Calhoun and Cordele, Georgia                   |
| Interstate | 76 (1) | Rootstown, Ohio                                |
| Interstate | 77 (1) | Columbia, South Carolina                       |

Interstate 80 (2) Ottawa, Illinois; Bloomsburg, Pennsylvania  
 Interstate 81 (1) Wytheville, Virginia  
 Interstate 91 (1) East Windsor, Connecticut  
 Interstate 93 (1) Londonderry, New Hampshire  
 Interstate 94 (2) Bismarck, North Dakota; Lake Delton, Wisconsin  
 Interstate 95 (2) Coventry, Rhode Island; Walterboro, South Carolina  
 Off Interstate (8) Jonesboro, Arkansas; Albany, Georgia; Kokomo, Indiana; Madisonville and Somerset, Kentucky; Saltillo, Mississippi; Wilmington, North Carolina; Lancaster, Pennsylvania

The Company plans to open 15 new Cracker Barrel stores during fiscal 2001, of which the following six of those stores are already open:

Interstate 84 (1) Sturbridge, Massachusetts  
 Off Interstate (5) Hot Springs, Arkansas; Murray, Kentucky; Traverse City, Michigan; Gallatin, Tennessee; Lynchburg, Virginia

INDEX TO EXHIBITS

Exhibit  
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- 3(I), 4(a) Charter (1)
- 3(II), 4(b) Bylaws (1)
- 4(c) Shareholder Rights Agreement dated 9/7/1999 (2)
- 10(a) Credit Agreement dated 2/16/1999, relating to the \$50,000,000 Term Loan and the \$300,000,000 Revolving Credit Facility (3)
- 10(b) First Amendment to Credit Agreement dated 7/29/1999 (3)
- 10(c) Second Amendment to Credit Agreement dated 9/29/1999 (3)
- 10(d) Third Amendment to Credit Agreement dated 2/29/2000
- 10(e) 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 (4)
- 10(f) The Company's 1987 Stock Option Plan, as amended (6)
- 10(g) The Company's Amended and Restated Stock Option Plan, as amended (3)
- 10(h) The Company's Non-Employee Director's Stock Option Plan, as amended (7)
- 10(i) The Company's Non-Qualified Savings Plan, effective 1/1/1996, as amended (6)
- 10(j) The Company's Deferred Compensation Plan, effective 1/1/1994 (4)
- 10(k) The Company's Executive Employment Agreement for Dan W. Evins (5)
- 10(l) The Company's Executive Employment Agreement for Peter W. Kehayes
- 10(m) Change-in-control Agreement for Dan W. Evins dated 10/8/1999 (3)
- 10(n) Change-in-control Agreement for Michael A. Woodhouse dated 10/8/1999 (3)
- 10(o) Change-in-control Agreement for Lawrence E. White dated 10/8/1999 (3)
- 10(p) Change-in-control Agreement for James F. Blackstock dated 10/8/1999 (3)
- 10(q) Change-in-control Agreement for Peter W. Kehayes dated

- 10(r) 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(R) sites
- 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 9 Cracker Barrel Old Country Store(R) sites\*
- 10(t) 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(R) sites\*
- 10(u) 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(R) sites\*

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- 13 Pertinent portions, incorporated by reference herein, of the Company's 2000 Annual Report to Shareholders
- 21 Subsidiaries of the Registrant
- 23 Consent of Deloitte & Touche LLP
- 27 Financial Data Schedule

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

- (1) Incorporated by reference to the Company's Registration Statement on Form S-4/A under the Securities Act of 1933 (File No. 333-62469).
- (2) Incorporated by reference to the Company's Forms 8-K and 8-A under the Securities Exchange Act of 1934, filed September 21, 1999 (File No. 000-25225).
- (3) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended July 30, 1999 (File No. 000-25225).
- (4) Incorporated by reference to the Company's Registration Statement on Form S-7 under the Securities Act of 1933 (File No. 2-74266).
- (5) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended July 28, 1989 (File No. 0-7536).
- (6) Incorporated by reference to the Company's Registration Statement on Form S-8 under the Securities Act of 1933 (File No. 33-45482).
- (7) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended August 2, 1991 (File No. 0-7536).

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THIS THIRD AMENDMENT TO CREDIT AGREEMENT (the "Amendment") is dated this the 29th day of February, 2000 (effective January 28, 2000) by and between CBRL GROUP, INC., a Tennessee corporation ("Borrower") and SUNTRUST BANK, formerly SunTrust Bank, Nashville, N.A., a Georgia state banking corporation as agent (the "Administrative Agent") for the Lenders, as described and defined below.

RECITALS:

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A. Borrower, Administrative Agent and the Lenders are parties to a Credit Agreement dated as of February 16, 1999, as amended by a First Amendment to Credit Agreement dated July 29, 1999 and as amended by a Second Amendment to Credit Agreement dated September 30, 1999 (as amended or restated from time to time, the "Credit Agreement").

B. SunTrust Bank, Fifth-Third Bank, Hibernia National Bank, First Union National Bank, AmSouth Bank (as successor to First American National Bank), Mercantile Bank National Association, Bank One, NA, Wachovia Bank, N.A. and Union Planters National Bank, presently constitute all the Lenders under the Credit Agreement.

C. The Borrower and the requisite percentage of Required Lenders desire to amend the Credit Agreement as hereinafter provided in order to: (i) allow a sale of assets by the Borrower (and the Consolidated Companies) and a leaseback of assets under the terms and conditions set forth in this Amendment; and (ii) to revise the Interest Coverage Ratio as set forth in this Amendment.

D. Terms not defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

E. Attached hereto as collective Exhibit A are the requisite consents of the Required Lenders, consenting to this Amendment and to the Administrative Agent's execution and delivery of this Amendment on behalf of Lenders.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Section 7.1 (iii) of the Credit Agreement is deleted and the following is substituted in lieu thereof:

(iii) Interest Coverage Ratio. Effective as of the close of the fiscal quarter ending January 28, 2000 and the next two succeeding fiscal quarters of Borrower, suffer or permit its Interest Coverage Ratio to be less than 2.25 to 1.0, calculated for such fiscal quarter and including the immediately three (3) preceding fiscal quarters. Effective as of the last

day of the fiscal quarter ending October 27, 2000 and on the last day of each fiscal quarter of Borrower thereafter, suffer or permit its Interest Coverage Ratio to be less than 2.5 to 1.0, as calculated for the most recently concluded quarter and including the immediately three (3) preceding fiscal quarters.

Section 2. In order to allow certain sales of assets by Borrower (and/or assets of a Consolidated Company) under the terms and conditions set forth below, Section 7.3 of the Loan Agreement is deleted and the following is substituted in lieu thereof:

Section 7.3. Merger and Sale of Assets

The Borrower will not, without the prior written consent of the Required Lenders, merge or consolidate with any other corporation or sell, lease or transfer or otherwise dispose of assets (other than in the ordinary course of business) during the term of this Agreement to any Person, nor shall the Borrower permit any Consolidated Company to take any of the above actions; provided that notwithstanding any of the foregoing limitations, if no Default or Event of Default shall then exist or immediately

thereafter will exist, the Consolidated Companies may take the following actions:

(a) Any Consolidated Company may merge or consolidate with (i) the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or (ii) any one or more other Subsidiaries provided that either the continuing or surviving corporation shall remain a Consolidated Company;

(b) Any Consolidated Company may sell, lease, transfer or otherwise dispose of any of its assets to (i) the Borrower, or (ii) any other Consolidated Company;

(c) Any Consolidated Company may merge or consolidate with any other corporation as long as such Consolidated Company is the surviving corporation; and

(d) The Consolidated Companies may sell assets with a net sales price not to exceed Two Hundred and Fifty Million Dollars (\$250,000,000) in the aggregate during the term of this Agreement, and with respect to such assets to be sold, not more than Fifty Million Dollars (\$50,000,000) of the net sales price shall be realized other than from the sale of assets and an immediate leaseback of such assets. The right of the Consolidated Companies to transfer assets pursuant to sale and leaseback transactions described in this subsection (d) is conditioned upon Borrower's obligation to apply fifty percent (50%) of all net proceeds from such sale and leaseback transactions to permanently reduce the Revolving Credit Commitments under the terms of Section 2.3.

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Section 3. Section 7.9 of the Credit Agreement is amended to allow a sale of assets by Borrower (and/or assets of a Consolidated Company) and a leaseback of assets under the terms and conditions set forth in Section 7.3(d) of the Credit Agreement.

Section 4. In consideration for the consents by the Required Lenders to this Amendment, the Borrower shall pay, concurrently with Administrative Agent's execution hereof, a one-time amendment fee equal to five one hundredths of one percent of the Total Commitments, payable to the Lenders which consent to this Amendment prior to its execution. Such fee shall be paid to the Administrative Agent for payment to such consenting Lenders on a pro rata basis.

Section 5. All other documents executed and delivered in connection with the Credit Agreement are hereby amended to the extent necessary to conform to this Amendment. Except as specifically amended herein, the Credit Agreement shall remain unamended and in full force and effect.

Section 6. Borrower represents and warrants that the execution and terms of this Amendment have been duly authorized by all necessary corporate action.

Section 7. This Amendment shall be governed by and construed in accordance with the laws of the State of Tennessee.

Section 8. This Amendment may be executed in one or more counterparts, all of which shall, taken together, constitute one original. The parties agree that facsimile signatures shall be deemed to be and treated as original signatures of such parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this Third Amendment to Credit Agreement as of the day and date first set forth above.

CBRL GROUP, INC.

By: /s/Lawrence E. White

-----  
Title: Senior VP Finance and CFO  
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SUNTRUST BANK, as Administrative  
Agent for the Lenders

By: /s/Allen K. Oakley

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Title: Managing Director  
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January 27, 2000

PERSONAL AND CONFIDENTIAL  
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Mr. Peter Kehayes  
Executive Vice President & COO  
Logan's Roadhouse, Inc.  
565 Marriott Drive, Suite 490  
Nashville, Tennessee 37214

RE: Employment Agreement  
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Dear Peter:

This will serve to memorialize the agreement reached in your recent discussions with Mike Woodhouse. CBRL Group, Inc., as parent of Logan's Roadhouse, Inc., has agreed to extend the term of your existing Amended and Restated Employment Agreement, dated December 10, 1998, as further amended by letter dated November 1, 1999 (the "existing Agreement").

In order to demonstrate the corporation's commitment to you and to allow you to focus exclusively on operations of the Logan's Roadhouse business, without the need to worry about the expiration of your employment contract, the corporation has determined to extend your existing Agreement for an additional year.

Specifically, the following changes apply. The employment term specified in Section 6 of the existing Agreement is extended to January 14, 2002. All the terms and conditions of the existing Agreement which are not specifically changed by this letter agreement remain in full force.

It is intended by us that when executed by you, this letter will serve as an amendment to the existing Agreement, and it should be attached to it and made a part of that document. Except as specifically modified in this letter, all other currently effective terms and conditions of the existing Agreement remain in effect.

Mr. Peter Kehayes  
January 27, 2000  
Page 2

We very much appreciate your talent and commitment to Logan's Roadhouse, Inc. and we look forward to working with you into the future.

Thank you.

Very truly yours,

/s/ Michael Woodhouse

Michael A. Woodhouse  
Executive Vice President & COO  
CBRL Group, Inc., and as Director,  
Logan's Roadhouse, Inc.

cc: Dan Evins  
James F. Blackstock, Esq.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Agreement") entered into as of the 10th day of December, 1998, between Logan's Roadhouse, Inc., a Tennessee corporation (the "Company"), and Peter Kehayes ("Employee").

W I T N E S S E T H:  
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WHEREAS, the Company, which maintains its principal executive offices at 565 Marriott Drive, Suite 490, Nashville, Tennessee 37214, owns and operates casual dining restaurants under the name "Logan's Roadhouse":

WHEREAS, the Company desires to employ Employee and Employee desires to accept such employment by the Company subject to the terms and conditions contained herein;

WHEREAS, in serving as an employee of the Company, Employee will participate in the use and development of confidential proprietary information about the Company, its customers and suppliers, and the methods used by the Company and its employees in competition with other companies, as to which the Company desires to protect fully its rights; and

WHEREAS, the Company and Employee entered into that certain Employment Agreement on January 14, 1998, which each of the Company and Employee desires to amend and restate hereby to provide for certain modifications.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. Employment. The Company hereby employs Employee and Employee accepts such employment with the Company, subject to the terms and conditions set forth herein. Employee shall be employed as Executive Vice President and Chief Operating Officer of the Company, shall perform all duties and services incident to such positions, and such other duties and services as may be prescribed by the Bylaws of the Company or established by the Board of Directors of the Company from time to time; provided, however, that without Employee's written consent, the duties and services of Employee hereunder shall not be materially increased or altered in a manner inconsistent with Employee's position and original duties hereunder. During his employment hereunder, Employee shall devote his best efforts and attention, on a full-time

basis, to the performance of the duties required of him an employee of the Company.

2. Compensation. As compensation for services rendered by Employee hereunder, Employee shall receive:

(a) An annual salary of \$200,000, or such higher salary as shall be approved unanimously by the Compensation Committee of the Board of Directors, which salary shall be payable in arrears in equal biweekly installments, plus insurance, a reasonable car allowance and other benefits equivalent to the benefits provided other executives of the Company, which are set forth in Appendix I hereto;

(b) Three (3) weeks of compensated vacation time, to be taken at any time during each year of the term of this Agreement;

(c) Bonus compensation to be determined in accordance with the terms and conditions of the Company's Executive Bonus Plan; and

(d) Reimbursement for all reasonable expenses incurred by Employee in the performance of his duties under this Agreement, provided that Employee submits verification of such expenses in accordance with the policies of the Company.

Prior to the end of each fiscal year of the Company, the Compensation Committee or Board of Directors shall review Employee's salary and benefits payable hereunder. Any increases in salary or changes in fringe benefits determined by the Compensation Committee or the Board of Directors at such annual review shall become effective the following month unless otherwise determined by the Company.

3. Confidential Information and Trade Secrets.

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3.1 Employee recognizes that Employee's position with the Company requires considerable responsibility and trust, and, in reliance on Employee's loyalty, the Company may entrust Employee with highly sensitive confidential, restricted and proprietary information involving Trade Secrets and Confidential Information.

3.2 For purposes of this Agreement, a "Trade Secret" is any specific or technical information, design, process, procedure, formula or

improvement that is valuable and not generally known to competitors of the Company. "Confidential Information" is any data or information, other than

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Trade Secrets, that is important, competitively sensitive, and not generally known by the public, including, but not limited to, the Company's business plan, training manuals, product development plans, pricing procedures, market strategies, internal performance statistics, financial data, confidential personnel information concerning employees of the Company, supplier data, operational or administrative plans, policy manuals, and terms and conditions of contracts and agreements. The terms "Trade Secret" and "Confidential Information" shall not apply to information which is (i) made available to the general public without restriction by the Company, (ii) obtained from a third party by Employee in the ordinary course of Employee's employment by the Company, or (iii) required to be disclosed by Employee pursuant to subpoena or other lawful process, provided that Employee notifies the Company in a timely manner to allow the Company to appear to protect its interests.

3.3 Except as required to perform Employee's duties hereunder, Employee will not use or disclose any Trade Secrets or Confidential Information of the Company during employment, at any time after termination of employment and prior to such time as they cease to be Trade Secrets or Confidential Information through no act of Employee in violation of this Agreement.

3.4 Upon the request of the Company and, in any event, upon the termination of employment hereunder, Employee will surrender to the Company all memoranda, notes, records, manuals or other documents pertaining to the Company's business or Employee's employment (including all copies thereof). Employee will also leave with the Company all materials involving any Trade Secrets or Confidential Information of the Company. All such information and materials, whether or not made or developed by Employee, shall be the sole and exclusive property of the Company, and Employee hereby assigns to the Company all of Employee's right, title and interest in and to any and all of such information and materials.

4. Covenant Not to Compete.

4.1 Employee hereby covenants and agrees with the Company that during the term hereof and for a period expiring 12 months after a termination of this Agreement pursuant to Sections 8 or 9 hereof, Employee will not directly or indirectly (i) operate, develop or own any interest (other than the ownership of less than 5% of the equity securities of a publicly traded company other than the Company or any entity controlling the Company) in any business which has significant (viewed in relation to the business of the Company) activities relating to the ownership, management or operation of, or consultation regarding a casual dining restaurant of which steak sales constitute 35% or more of total restaurant sales (a "Restaurant"); (ii) compete with the Company or its subsidiaries and affiliates in the operation or

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development of any Restaurant within the 48 contiguous states of the United States of America; (iii) be employed by or consult with any business which owns, manages or operates a Restaurant; (iv) interfere with, solicit, disrupt or attempt to disrupt any past, present or prospective relationship, contractual or otherwise, between the Company, or its subsidiaries or affiliates, and any customer, client, supplier or employee of the Company, or its subsidiaries or affiliates; or (v) solicit any present or known prospective management employee (including all corporate officers and managers, all area or divisional directors and all restaurant general managers) of the Company, or its subsidiaries or affiliates, to leave their employment with the Company or its subsidiaries or affiliates, or hire any management employee who was employed by the Company within six months prior to the date of such hiring to work in any capacity.

4.2 If a judicial determination is made that any of the provisions of this Section 4 constitutes an unreasonable or otherwise unenforceable restriction against Employee, the provisions of this Section 4 shall be rendered void only to the extent that such judicial determination finds such provisions to be unreasonable or otherwise unenforceable. In this regard, the parties hereto hereby agree that any judicial authority construing this Agreement shall be empowered to sever any portion of the territory or prohibited business activity from the coverage of this Section

4 and to apply the provisions of this Section 4 to the remaining portion of the territory or the remaining business activities not so severed by such judicial authority. Moreover, notwithstanding the fact that any provisions of this Section 4 are determined not to be specifically enforceable, the Company shall nevertheless be entitled to recover monetary damages as a result of the breach of such provision by Employee. The time period during which the prohibitions set forth in this Section 4 shall apply shall be tolled and suspended as to Employee for a period equal to the aggregate quantity of time during which Employee violates such prohibitions in any respect.

5. Specific Enforcement. Employee specifically acknowledges and agrees that the restrictions set forth in Sections 3 and 4 hereof are reasonable and necessary to protect the legitimate interests of the Company and that the Company would not have entered into this Agreement in the absence of such restrictions. Employee further acknowledges and agrees that any violation of the provisions of Sections 3 or 4 hereof will result in irreparable injury to the Company, that the remedy at law for any violation or threatened violation of such Sections will be inadequate and that in the event of any such breach, the Company, in addition to any other remedies or damages available to it at law or in equity, shall be entitled to temporary injunctive relief before trial from any court of competent jurisdiction as a matter of course and to permanent injunctive relief without the necessity of proving actual damages.

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6. Term. The initial period of this Agreement shall continue until January 14, 2000, unless sooner terminated by either party in the manner set forth herein. The date upon which this Agreement and Employee's employment hereunder shall terminate, whether pursuant to the terms of this Section or pursuant to any other provision of this Agreement shall hereafter be referred to as the "Termination Date."

7. Termination Upon Cessation of Company's Operations or Death of the Employee. In the event the Company ceases its operations (other than pursuant to a Change in Control (as defined in Section 11.1)) or the Employee dies during the term of this Agreement, this Agreement shall immediately terminate and neither the Employee nor the Company shall have any further obligations hereunder, except that the Company shall continue to be obligated under Section 2 hereof for any compensation, unpaid salary, bonus, unreimbursed expenses or payments pursuant to Section 10 hereof owed to Employee or his estate that have accrued but not been paid as of the Termination Date.

8. Termination by Employee. Employee may at any time terminate his employment by giving the Company 90 days prior written notice of his intent to terminate the Agreement. At the Termination Date, the Company shall have no further obligation to Employee and Employee shall have no further rights or obligations hereunder, except as set forth in Sections 3 and 4 above, and except for the Company's obligation under Section 2 hereof for compensation, unpaid salary, bonus or unreimbursed expenses that have accrued but have not been paid as of the Termination Date. The provisions of this Section 8 are subject to and superseded by the provisions of Section 11 in the event of a Change in Control.

9. Termination for Cause. The Company shall have the right at any time to terminate Employee's employment immediately for cause, which shall include any of the following reasons:

(a) If Employee shall violate the provisions of Sections 3 or 4 of this Agreement.

(b) If Employee shall be convicted of, or enter a plea of guilty or nolo contendere to (i) any felony, or (ii) any misdemeanor involving the Company or reflecting upon Employee's honesty or truthfulness;

(c) If Employee shall commit an act of dishonesty, willful mismanagement, fraud or embezzlement involving or against the Company.

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Employee's obligations under Sections 3 and 4 hereof shall survive the termination of the Agreement pursuant to this Section 9. In the event Employee's employment hereunder is terminated in accordance with this Section, the Company shall have no further obligation to make any payments to

Employee hereunder except for compensation, unpaid salary, bonus or unreimbursed expenses that have accrued but have not been paid as of the Termination Date.

10. Termination Without Cause. In the event that Company breaches this Agreement or Employee is terminated without cause during the term hereof (which shall not include a termination pursuant to Sections 7, 8, 9, 11 or 12), the Company shall (a) pay Employee all bonuses and unreimbursed expenses owed to Employee that have accrued but have not been paid as of the Termination Date; (b) continue to pay to Employee, as severance compensation, his salary set forth in Section 2 hereof for 12 months if Employee is terminated pursuant to this Section within the initial two (2) year term of this Agreement; (c) continue to provide the insurance provided for in Section 2 hereof for 12 months; and (d) pay Employee an amount which equals the average monthly bonus earned by Employee in the two years immediately preceding the Termination Date (as if such bonus was earned and paid on a monthly basis) for the number of months for which severance compensation will be paid pursuant to clause (b) above; provided, that if Employee has not been employed by the Company for two years, then the bonus amount payable hereunder shall be computed on a pro rata basis for the number of months Employee was actually employed by the Company (as if such bonus was earned and paid on a monthly basis). In addition, any stock options granted to Employee in accordance with Section 8.2(j) of that certain Agreement and Plan of Merger, dated December 10, 1998, between the Company, CBRL Group, Inc. ("CBRL"), Cracker Barrel Old Country Store, Inc. and LRI Merger Corporation, shall become fully vested and immediately exercisable for a period of 90 days in the event the Company breaches this Agreement or Employee's employment is terminated at any time during or after the term hereof without cause as defined herein. If Employee is terminated without cause, the provisions of Section 4 will be void and of no effect.

11. Termination Upon a Change in Control.  
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11.1 For purposes of this Agreement, a "Change in Control" shall mean (i) a tender offer or exchange offer has been made for shares of the Company's equity securities, provided that the corporation, person or entity making such offer purchases or otherwise acquires shares of the Company's equity securities representing 50% or more of the outstanding shares of the Company's equity securities pursuant to such offer, (ii) the shareholders of the Company have approved a definitive agreement to merge or consolidate with or into another corporation pursuant to which the Company will not survive or

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will survive only as a subsidiary of another corporation, or to sell or otherwise dispose of all or substantially all of its assets, (iii) the time that the Company first determines that any person and all other persons who constitute a group (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), have acquired direct or indirect beneficial ownership (within the meaning of Section 13(d)(3) under the Exchange Act) of twenty percent (20%) or more of the Company's outstanding securities, unless a majority of the Continuing Directors, as hereinafter defined, approves the acquisition not later than ten (10) business days after the Company makes that determination or (iv) the first day on which a majority of the members of the Company's Board of Directors are not Continuing Directors.

11.2 For purposes of this Agreement, "Continuing Directors" shall mean, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of the Board of Directors on October 1, 1997, (ii) has been a member of the Board of Directors for the two years immediately preceding such date of determination or (iii) was nominated for election or elected to the Board of Directors with the affirmative vote of a majority of Continuing Directors who were members of the Board at the time of such nomination or election.

11.3 In the event of any termination of this Agreement within six months of a Change in Control, including without limitation a termination by Employee (except for a termination by Employee upon the Change in Control resulting from the Company's merger with CBRL), Employee shall immediately be paid all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Company in which Employee is a participant to the full extent of Employee's rights under such plans (including accelerated vesting of any awards granted to Employee under the Company's 1995 Incentive Stock Plan, as amended), accrued vacation pay and any appropriate business expenses incurred

by Employee in connection with his duties hereunder, all to the Termination Date, and all severance compensation provided in Section 11.4, but no other compensation or reimbursement of any kind.

11.4 In addition, Employee shall be paid as severance compensation his base salary in monthly installments (at the rate payable at the time of any such termination) for 12 months upon any termination pursuant to this Section within the initial two (2) year term of this Agreement. Employee is under no obligation to mitigate the amount owed Employee pursuant to this Section 11.4 by seeking other employment or otherwise. Notwithstanding anything in this Section 11.4 to the contrary, Employee may in Employee's sole discretion, by delivery of a notice to the Company within thirty (30) days following any termination upon a Change in Control, elect to

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receive from the Company a lump sum severance payment by bank cashier's check equal to the present value of the flow of cash payments that would otherwise be paid to Employee pursuant to this Section 11.4. Such present value shall be determined as of the date of delivery of the notice of election by Employee and shall be based on a discount rate equal to the interest rate on 90-day U.S. Treasury bills, as reported in the Wall Street Journal (or similar publication), on the date of delivery of the election notice. If Employee elects to receive a lump sum severance payment, the Company shall make such payment to Employee within ten (10) days following the date on which Employee notifies the Company of Employee's election. In addition to the severance payment payable under this Section 11.4, Employee shall be paid an amount which equals the average monthly bonus earned by Employee in the two years immediately preceding the Termination Date (as if such bonus was earned and paid on a monthly basis) for the number of months for which severance compensation will be paid pursuant to the first sentence of this Section 11.4; provided, that if Employee has not been employed by the Company for two years, then the bonus amount payable hereunder shall be computed on a pro rata basis for the number of months Employee was actually employed by the Company (as if such bonus was earned and paid on a monthly basis). Employee shall also be entitled to an accelerated vesting of any awards granted to Employee under the Company's 1995 Incentive Stock Plan, as amended. Employee shall continue to accrue retirement benefits and shall continue to enjoy any benefits under any plans of the Company in which Employee is a participant to the full extent of Employee's rights under such plans, including any perquisites provided under this Agreement, through the remaining term of this Agreement; provided, however, that the benefits under any such plans of the Company in which Employee is a participant, including any such perquisites, shall cease upon re-employment by a new employer.

11.5 Notwithstanding anything else in this Agreement and solely in the event of any termination upon a Change in Control, the amount of severance compensation paid to Employee under this Section 11, but exclusive of any payments to Employee in respect of any stock options then held by Employee (or any compensation deemed to be received by Employee in connection with the exercise of any stock options at any time), shall not include any amount the Company is prohibited from deducting for federal income tax purposes by virtue of Section 280G of the Internal Revenue Code or any successor provision.

12. Disability of Employee. If, on account of physical or mental disability, Employee shall fail or be unable to perform his assigned duties in any material respect for a period of 60 consecutive days, the Company shall pay Employee his full salary as set forth in Section 2 hereof and shall provide the insurance, bonus and other benefits of Section 2 for a period of six months from the date such disability began or for such shorter period as Employee is unable

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to perform his duties hereunder; provided, however, that Employee's salary shall be reduced by any disability income paid to him pursuant to any disability insurance policy maintained under this Agreement. In the event Employee is unable to perform his duties hereunder after the expiration of the six-month period, this Agreement shall automatically terminate. Employee shall not be required to perform his obligations under Section 1 hereof during any period of disability.

13. Assignment.

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(a) The rights and benefits of Employee under this Agreement, other than accrued and unpaid amounts due under Section 2 hereof, are personal to him and shall not be assignable. Discharge of Employee's undertakings in Sections 3 and 4 hereof shall be an obligation of Employee's executors, administrators, or other legal representatives or heirs.

(b) This Agreement may not be assigned by the Company except to an affiliate of the Company, provided, however, that if the Company shall merge or effect a share exchange with or into, or sell or otherwise transfer substantially all its assets to, another corporation, the Company shall assign its rights hereunder to that corporation and cause such corporation to assume all of the Company's obligations under this Agreement to the extent such obligations are not assumed by operation of law as a result of such transaction. In such event, all references in this Agreement to the Company shall apply to such corporation (as well as to the Company with respect to Sections 10, 11 and 13 hereof if the Company survives such transaction) to the same extent as if such corporation were the Company.

14. Notices. Any notice or other communications under this Agreement shall be in writing, signed by the party making the same, and shall be delivered personally or sent by certified or registered mail, postage prepaid, addressed as follows:

If to Employee: Peter Kehayes  
20633 N.E. 34th Place  
Redmond, Washington 98053

If to the Company: Logan's Roadhouse, Inc.  
565 Marriott Drive, Suite 490  
Nashville, Tennessee 37214  
Attention: Chairman of the  
Compensation Committee of the  
Board of Directors

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With a copy to: J. Chase Cole, Esq.  
Waller Lansden Dortch & Davis,  
A Professional Limited Liability  
Company  
2100 Nashville City Center  
511 Union Street  
Nashville, Tennessee 37219

or to such other address as may hereafter be designated by either party hereto. All such notices shall be deemed given on the date personally delivered or mailed.

15. Governing Law. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Tennessee.

16. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid, but if any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability for any such provisions in every other respect and of the remaining provisions of this Agreement shall not be in any way impaired.

17. Modification. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith and no evidence of any waiver or modification shall be offered or received in evidence of any proceeding, arbitration or litigation between the parties hereunder, unless such waiver or modification is in writing, duly executed as aforesaid and the parties further agree that the provisions of this section may not be waived except as herein set forth.

18. Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter contained herein. There are no restrictions, promises, covenants or undertakings, other than those expressly set forth herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter. This Agreement may not be changed except by a writing executed by the parties.

IN WITNESS WHEREOF, the undersigned have executed this Employment Agreement on the day and year first above written.

LOGAN'S ROADHOUSE, INC.

By: /s/

-----  
Title: Chairman of the Compensation  
Committee of the Board of  
Directors

EMPLOYEE

/s/ Peter Kehayes

-----  
Peter Kehayes

[appendix omitted]

October 8, 1999

Mr. Peter Kehayes  
Executive Vice President & COO  
Logan's Roadhouse, Inc.  
565 Marriott Drive, Suite 490  
Nashville, Tennessee 37214

Re: Employee Retention Agreement  
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Dear Mr. Kehayes:

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. It is specifically agreed that a sale, merger, spin-off or other disposition by the Company of Logan's Roadhouse, Inc. as an entire business unit does not constitute a Change in Control.

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.

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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, 3.2, and 3.3 (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 2.99 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 you at any time during the 120-day period immediately preceding the Effective Date. However, if you become reemployed with another employer and are eligible to receive medical or other welfare

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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. In addition, you are a party to a written employment agreement with the Company or an affiliate, and it is the intention of the parties to this Agreement that you will enjoy the maximum benefits provided in circumstances of a Change in Control in either of those documents. Therefore, we specifically agree that whenever the terms and conditions of this Agreement and your employment agreement conflict, the terms and conditions which maximize your benefits resulting from a

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Change in Control will be effective. Where one document is silent, the provisions of the other document will be effective.

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.

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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

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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/Dan W. Evins

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Dan W. Evins

Title: Chairman & CEO

LOGAN'S ROADHOUSE, INC.

By: /s/David J. McDaniel

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David J. McDaniel

Title: Sr. Vice President Finance, CFO

The foregoing is fully agreed to and accepted by:

Company Employee's Signature: /s/Peter Kehayes

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Name: Peter Kehayes

Title: Executive Vice President & COO

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MASTER LEASE

THIS MASTER LEASE (this "Lease") is made as of July 21, 2000 (the "Effective Date"), by and between COUNTRY STORES PROPERTY I, LLC, a Delaware limited liability company ("Lessor"), whose address is c/o U.S. Realty Advisors, LLC, 1370 Avenue of the Americas, New York, New York 10019, and CRACKER BARREL OLD COUNTRY STORE, INC., a Tennessee corporation ("Lessee"), whose address is P.O. Box 787, 305 Hartmann Drive, Lebanon, Tennessee 37088-0787.

W I T N E S S E T H :

THAT, in consideration of the mutual covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

1. CERTAIN DEFINED TERMS. The following terms shall have the following meanings for all purposes of this Lease:

"ACKNOWLEDGEMENT" means the Acknowledgement of Lease Assignment dated as of the date of this Lease among Lessor, Lessee, Lender and Remainderman. A duplicate original Acknowledgement will be executed and recorded in the applicable real property records for each Property.

"ADA" is defined in Section 16.C.

"ADDITIONAL RENTAL" is defined in Section 5.B.

"AFFILIATE" means any Person which directly or indirectly controls, is under common control with, or is controlled by any other Person. For purposes of this definition, "controls", "under common control with" and "controlled by" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or otherwise.

"AGGREGATE BASE ANNUAL RENTAL" means, collectively, the Base Annual Rental and the Related Base Annual Rental.

"AGGREGATE FIXED CHARGE COVERAGE RATIO" shall have the meaning set forth in Section 8.A.

"AGGREGATE GROSS SALES" means, collectively, the Gross Sales and the Related Gross Sales.

"AGGREGATE PURCHASE PRICE" means, collectively, the Purchase Price and the Related Purchase Price.

"APPLICABLE PERCENTAGE" means the percentage set forth in Schedule I to the Sale-Leaseback Agreement with respect to the applicable Property, which percentage shall be adjusted as appropriate by Lessor to reflect the release of individual Properties from this Lease.

"APPLICABLE REGULATIONS" means all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders and approvals of each Governmental Authority having jurisdiction over Lessee and/or any of the Properties, including, without limitation, all health, building, fire, safety and other codes, ordinances and requirements and all applicable standards of the National Board of Fire Underwriters and the ADA, in each case, as amended, and any judicial or administrative interpretation thereof, including any judicial order, consent, decree or judgment applicable to Lessee.

"APPROVED INSTITUTION" means any domestic federal or state chartered commercial bank located in any of the cities listed on the attached Schedule II and having, at the time of selection, (i) a long-term deposit or long-term unsecured debt rating of at least AA or its equivalent issued by Standard & Poors Rating Group, Moody's Investors Service, Inc., any successor to such agencies or any other nationally recognized credit rating agency, and (ii) combined capital and surplus in excess of \$100,000,000.00.

"BASE ANNUAL RENTAL" means \$5,344,600.44.

"BASE MONTHLY RENTAL" means an amount equal to 1/12 of the applicable Base Annual Rental.

"BUSINESS DAY" means a day on which national banks are not required or authorized to remain closed.

"CAPITAL LEASE" is defined in Section 8.A.

"CASUALTY" is defined in Section 21.A.

"CASUALTY SUBSTITUTION OFFER" is defined in Section 21.C.

"CASUALTY/CONDEMNATION SUBSTITUTION" is defined in Section 55.A(i).

"CASUALTY TERMINATION PAYMENT" is defined in Section 21.C.

"CONFIDENTIAL INFORMATION" means, except as otherwise contemplated by Section 59, all proprietary or confidential or nonpublic information relating to restaurant and retail operations, menu and recipe, marketing, business strategy, trade secrets relating to or used by Lessee or its Affiliates in their businesses or being developed for their use, capital structure and financial matters, including, without limitation, Store Income Statements, forecasts and projections.

"CONDEMNATION SUBSTITUTION OFFER" is defined in Section 21.G.

"CONDEMNATION TERMINATION PAYMENT" is defined in Section 21.G.

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"CODE" means the United States Bankruptcy Code, 11 U.S.C. Sec. 101 et seq., as amended.

"DEBT" is defined in Section 8.A.

"DEEDS" is defined in the Sale-Leaseback Agreement.

"DE MINIMIS AMOUNTS" shall mean (i) with respect to any presence, Release or Threatened Release of Hazardous Materials, those quantities of Hazardous Materials in any form or combination of forms, which do not constitute a violation requiring regulation or remediation under any Environmental Laws in the state in which the affected Property is located, and (ii) with respect to the use or storage of Hazardous Materials in or upon any of the Properties, those quantities of Hazardous Materials customarily employed in the ordinary course of, or associated with, the operation of a Permitted Facility and used or stored in compliance with Environmental Laws.

"DEFAULT RATE" means 18% per annum or the highest rate permitted by law, whichever is less.

"DEPRECIATION AND AMORTIZATION" is defined in Section 8.A.

"DISCLOSURES" is defined in Section 8.C.

"EARLY SUBSTITUTION DATE" is defined in Section 55.A.

"EARLY SUBSTITUTION TERMINATION DATE" is defined in Section 55.A.

"ECONOMIC SUBSTITUTION" is defined in Section 55.A(ii).

"ECONOMIC SUBSTITUTION OFFER" is defined in Section 57(i).

"ECONOMIC TERMINATION PAYMENT" is defined in Section 57(ii).

"EFFECTIVE DATE" is defined in the Preamble.

"ENVIRONMENTAL CONDITION" means any condition with respect to soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air and any environmental medium comprising or surrounding any of the Properties, whether or not yet discovered, which could or does result in any damage, loss, cost, expense, claim, demand, order or liability to or against Lessee or Lessor by any third party (including, without limitation, any Governmental Authority), including, without limitation, any condition resulting from the operation of Lessee's business and/or the operation of the business of any other property owner or operator in the vicinity of any of the Properties and/or any activity or operation formerly conducted by any Person on or off any of the Properties.

"ENVIRONMENTAL INSURER" means American International Specialty Lines Insurance Company or such other insurer providing Environmental Policies reasonably acceptable to Lessor.

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"ENVIRONMENTAL LAWS" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to Hazardous Materials and/or the protection of human health or the environment, by reason of a Release or a Threatened Release of Hazardous Materials or relating to liability for or costs of Remediation or prevention of Releases. "Environmental Laws" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations, rulings, orders or decrees promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act. "Environmental Laws" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law: conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of the property; requiring notification or disclosure of Releases or other environmental condition of any of the Properties to any Governmental Authority or other Person, whether or not in connection with transfer of title to or interest in property; imposing conditions or requirements relating to Hazardous Materials in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to Hazardous Materials; and relating to wrongful death, personal injury, or property or other damage in connection with the physical condition or use of any of the Properties by reason of the presence of Hazardous Materials in, on, under or above any of the Properties.

"ENVIRONMENTAL LIENS" is defined in Section 16.D(viii).

"ENVIRONMENTAL POLICIES" means the environmental insurance policy or policies, as applicable, issued by Environmental Insurer to Lessor with respect to the Properties, which Environmental Policies shall be in form and substance satisfactory to Lessor in its sole discretion.

"EQUIPMENT PAYMENT AMOUNT" is defined in Section 8.A.

"EVENT OF DEFAULT" is defined in Section 23.

"FAIR MARKET VALUE" is defined in Section 56.

"FCCR PERIOD" means the twelve month period of time immediately preceding the date on which Lessee gives written notice to Lessor that Lessee is proposing to substitute a Substitute Property as permitted by Section 55.A.

"FCCR PROPERTY" means, collectively, the Properties and the Related Properties.

"FISCAL YEAR" is defined in Section 8.A.

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"GAAP" means generally accepted accounting principles in the United States, at the time at which the information affected by these principles was prepared, consistently applied.

"GOVERNMENTAL AUTHORITY" means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority of the United States or the state in which the particular Property is located or any political subdivision thereof.

"GROSS SALES" means the gross sales, excluding sales tax, arising from all business conducted at all of the Properties by Lessee during the period of determination, as shown on Lessee's Store Income Statements.

"GUARANTOR" means CBRL Group, Inc., a Tennessee corporation.

"GUARANTY" means that certain Unconditional Guaranty of Payment and Performance dated as of the date of this Lease to be executed by Guarantor with respect to the obligations of Lessee under this Lease, as the same may be amended from time to time.

"HAZARDOUS MATERIALS" means (i) any toxic substance or hazardous waste, substance, solid waste, or related material, or any pollutant or contaminant; (ii) radon gas, asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contains dielectric fluid containing levels of polychlorinated biphenyls in excess of federal, state or local safety guidelines, whichever are more stringent, or any petroleum product; (iii) any substance, gas, material or chemical which is or may be defined as or included in the definition of "hazardous substances," "toxic substances," "hazardous materials," "hazardous wastes," "regulated substances" or words of similar import under any Environmental Laws; and (iv) any other chemical, material, gas or substance the exposure to or release of which is or becomes prohibited, limited or regulated by any Governmental Authority that asserts or may assert jurisdiction over any of the Properties or the operations or activity at any of the Properties, or any chemical, material, gas or substance that does or is likely to pose a hazard to the health and/or safety of the occupants of any of the Properties or the owners and/or occupants of property adjacent to or surrounding any of the Properties.

"INDEMNIFIED PARTIES" means Lessor, Remainderman, and Lender and their directors, officers, shareholders, trustees, beneficial owners, partners, members, and any directors, officers, shareholders, trustees, beneficial owners, partners, members of any beneficial owners, partners or members of Lessor, Remainderman or Lender, and all employees, agents, servants, representatives, contractors, subcontractors, Affiliates, subsidiaries, participants, successors and assigns of any of the foregoing, including, without limitation, any successors by merger, consolidation or acquisition of all or a substantial portion of the assets and business of Lessor, Remainderman or Lender, as applicable.

"INITIAL TERM" means the period of the Lease Term commencing on the Effective Date and ending on July 31, 2021, or such earlier date that this Lease is terminated.

"INTEREST EXPENSE" is defined in Section 8.A.

"LEASE TERM" is defined in Section 4.

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"LEASE YEAR" means the 12-month period commencing on August 1, 2000 and ending on July 31, 2001 and each successive 12-month period thereafter.

"LENDER" means FFCA Acquisition Corporation, a Delaware corporation, its successors and assigns, any successor lender in connection with any loan secured by Lessor's interest in any of the Properties, and any servicer of any loan secured by Lessor's interest in any of the Properties, including, without limitation, Franchise Finance Corporation of America, a Delaware corporation.

"LESSOR'S TOTAL INVESTMENT" means \$48,803,594.00.

"LETTER OF CREDIT" means a letter of credit substantially in the form attached to this Lease as Exhibit C issued by an Approved Institution in accordance with the terms of Section 23.A(ix)(2) of this Lease.

"LOAN AGREEMENT" means the Loan Agreement dated as of the date of this Lease in effect between Lessor and Lender, as such agreement may be amended from time to time and any and all replacements or substitutions thereof.

"LOAN DOCUMENTS" means, collectively, the Loan Agreement, the Notes, the Mortgages and all other documents, instruments and agreements executed in connection therewith or contemplated thereby, all as amended and supplemented and any and all replacements or substitutions thereof.

"LOSSES" means any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement and damages of whatever kind or nature (including, without limitation, attorneys' fees, court costs and other costs of defense).

"MATERIAL ADVERSE EFFECT" means any act, omission or event which would:

(x) prevent Lessee from performing its obligations under this Lease or any of the other Sale-Leaseback Documents;

(y) have the effect of reducing Guarantor's net worth as determined in accordance with GAAP below \$680,000,000.00; or

(z) prevent the operation of any of the Properties as a Permitted Facility or expose Lessor or any other Indemnified Party to potential criminal liability or civil liability which is not insured or indemnified against pursuant to this Lease.

"MATERIAL CASUALTY" means the occurrence of damage or destruction to the improvements located on a Property the cost of which to restore is at least equal to 40% of the then current replacement cost of such improvements and the restoration of which cannot reasonably be completed with 120 days from the occurrence of such damage or destruction, both as reasonably determined by Lessee.

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"MATERIAL TAKING" means a Taking of the whole of any of the Properties, other than for temporary use, or a Taking of any of the Properties (other than for temporary use) which will: (i) materially impair access to such Property in Lessee's reasonable judgment; (ii) either result in the loss of 10% or more of the parking spaces at such Property or the loss of such parking spaces as would result in the Property being reasonably incapable of satisfying the parking requirements under Applicable Regulations either by the addition or replacement of parking spaces; or (iii) result in the permanent closure or removal of such portion of the improvements located on such Property as to make uneconomical the continued use of the remainder of such Property as a Permitted Facility.

"MATURITY DATE" means August 1, 2020.

"MAXIMUM ALLOWED ANNUAL RENTAL" means, for any Fiscal Year in which Lessee has failed to satisfy the Aggregate Fixed Charge Coverage Ratio requirement, an amount equal to (x) the sum of Net Income, Depreciation and Amortization, Interest Expense and Operating Lease Expense, less a corporate overhead allocation in an amount equal to 4% of Aggregate Gross Sales, divided by (y) 1.25.

"MEMORANDUM" means the Memorandum of Master Lease dated as of the date of this Lease between Lessor and Lessee with respect to the Properties. A duplicate original Memorandum will be executed and recorded in the applicable real property records for each Property. Each Memorandum will contain exhibits with the addresses and store identification numbers for all of the Properties and the legal description for the applicable Property.

"MORTGAGES" means, collectively, the Mortgages, Deeds of Trust or Deeds to Secure Debt, Assignments of Rents and Leases, Security Agreements and Fixture Filings dated as of even date herewith executed by Lessor for the benefit of Lender with respect to the Properties, as such instruments may be amended, restated and/or supplemented from time to time and any and all replacements or substitutions thereof.

"NET INCOME" is defined in Section 8.A.

"NET RESTORATION AMOUNT" is defined in Section 21.K.

"NET SUBLEASE RENTS" means all rents received by Lessor during the applicable Fiscal Year pursuant to any subleases contemplated by Section 26 of this Lease, less those operating expenses incurred by Lessor, if any, pursuant to the terms and conditions of such subleases with respect to the affected Properties.

"NON-DISTURBANCE AND ATTORNMENT AGREEMENT" is defined in Section 24.

"NOTES" means, collectively, the Promissory Notes dated as of the date of this Lease executed by Lessor and payable to Lender with respect to the Properties, as such notes may be amended, restated and/or substituted from time to time.

"OPERATING LEASE EXPENSE" is defined in Section 8.A.

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"OPTION NOTICE" is defined in Section 56.

"PARTICIPATION" means the granting of any participations in any

document evidencing loan obligations set forth in the Loan Agreement or any of the Loan Documents or any or all servicing rights with respect thereto.

"PARTIAL CASUALTY" is defined in Section 21.K.

"PARTIAL TAKING" is defined in Section 21.K.

"PENDING ACTIONS" means the legal proceedings described in Guarantor's Quarterly Report on Form 10-Q with respect to its fiscal quarter ended April 28, 2000 filed with the United States Securities and Exchange Commission.

"PERMITTED FACILITY" means a Cracker Barrel Old Country Store restaurant; provided, however, up to four of the Properties in the aggregate may be operated as a Logan's Roadhouse restaurant or as another nationally or regionally recognized restaurant concept.

"PERSON" means any individual, corporation, partnership, limited liability company, trust, unincorporated organization, Governmental Authority or any other form of entity.

"PERSONALTY" means all machinery, appliances, furniture, equipment, trade fixtures, ceiling fans and rods and other personal property owned or leased by Lessee from time to time situated on or used in connection with the Properties; provided, however, the term "Personalty" shall not include the HVAC, supply fans, air ducts, plumbing and electrical fixtures and lighting poles, all of which items are intended to be fixtures as such term is used within the definition of "Properties".

"PREPAYMENT CHARGES" means, for purposes of this Lease, an amount equal to any prepayment premium or charge or the "Yield Maintenance Payment" (as defined below), or any other cost or expense imposed on Lessor by the applicable Lender in connection with the payment of the applicable Note(s) or promissory note(s) prior to the Maturity Date. While the Notes are outstanding, the Prepayment Charge shall equal the Yield Maintenance Payment, and the Prepayment Charge payable under any promissory note(s) executed subsequent to the satisfaction of the Notes shall not exceed the Yield Maintenance Payment.

"PREPAYMENT OF RENT" is defined in Section 23.A(ix).

"PROPERTIES" means, collectively, the parcels of real estate described by address, Lessor Number and Unit Number in Exhibit A attached hereto and legally described in Exhibit A-1 attached hereto, all rights, privileges and appurtenances associated therewith, and all buildings, structures, fixtures (but not trade fixtures) and other improvements (excluding Personalty) now or hereafter located on such real estate (whether or not affixed to such real estate).

"PROPERTY" means any one of the Properties.

"PROPRIETARY CONFIDENTIAL INFORMATION" means all Confidential Information other than financial information delivered to Lessor and/or Lender pursuant to the Sale-Leaseback

Agreement and/or this Lease, which financial information includes, without limitation, the Store Income Statements.

"PURCHASE PERIOD" is defined in Section 56.

"PURCHASE PRICE" means \$47,144,092.00.

"OPTION NOTICE" is defined in Section 56.

"QUESTIONNAIRES" is defined in the Sale-Leaseback Agreement.

"REINVESTMENT RATE" means an interest rate equal to the then current yield of U.S. treasury securities having a weighted average life to maturity closest to the Maturity Date.

"REJECTABLE SUBSTITUTION OFFER" is defined in Section 55.A.

"RELATED BASE ANNUAL RENTAL" means the "Base Annual Rental" as defined in the Related Sale-Leaseback Agreement.

"RELATED GROSS SALES" means the "Gross Sales" as defined in the Related Sale-Leaseback Agreement.

"RELATED LEASE" means the "Lease" as defined in the Related Sale-Leaseback Agreement.

"RELATED PROPERTIES" means the "Properties" as defined in the Related Sale-Leaseback Agreement.

"RELATED PURCHASE PRICE" means the "Purchase Price" as defined in the Related Sale-Leaseback Agreement.

"RELATED SALE-LEASEBACK AGREEMENT" means that certain Sale-Leaseback Agreement dated as of the date of this Lease among Lessor, certain Affiliates of Lessor and Lessee other than the Sale-Leaseback Agreement.

"RELEASE" means any presence, release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or leaching of Hazardous Materials in, on, under, to or from the soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air or any other environmental medium comprising or surrounding any of the Properties except in De Minimis Amounts.

"REMAINDERMAN" means CS Remainder I, LLC, a Delaware limited liability company, which owns a remainder interest in the Properties, together with its successors and assigns.

"REMIEDIATION" means any response, remedial, removal, or corrective action, any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Materials, any actions to prevent, cure or mitigate any Release, any action to comply with any Environmental Laws or with any permits issued pursuant thereto in connection with a remediation and any inspection, investigation, study, monitoring, assessment, audit, sampling

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and testing, laboratory or other analysis, or any evaluation relating to any Hazardous Materials in connection with a remediation.

"RENT ADJUSTMENT AMOUNT" means an amount equal to the difference between (x) the Aggregate Base Annual Rental then in effect, and (y) the Maximum Allowed Annual Rental.

"SALE-LEASEBACK AGREEMENT" means that certain Sale-Leaseback Agreement dated as of the date hereof among Lessor, Lessee, CBOCS West, Inc., a Nevada corporation, CBOCS Michigan, Inc., a Michigan corporation, and CBOCS Texas Limited Partnership, a Texas limited partnership, with respect to the Properties.

"SALE-LEASEBACK DOCUMENTS" means the Sale-Leaseback Agreement, this Lease, the Memorandum, the Guaranty, the Deeds, the Acknowledgement, the Tripartite Agreement and all other documents executed in connection therewith.

"SECURITIZATION" means one or more sales, dispositions, transfers or assignments by Lender or any Affiliate of Lender to a special purpose corporation, trust or other entity identified by Lender or any Affiliate of Lender of notes evidencing obligations to repay secured or unsecured loans owned by Lender or any Affiliate of Lender (and, to the extent applicable, the subsequent sale, transfer or assignment of such notes to another special purpose corporation, trust or other entity identified by Lender or any Affiliate of Lender), and the issuance of bonds, certificates, notes or other instruments evidencing interests in pools of such loans, whether in connection with a permanent asset securitization or a sale of loans in anticipation of a permanent asset securitization. Each Securitization shall be undertaken in accordance with all requirements which may be imposed by the investors or the rating agencies involved in each such sale, disposition, transfer or assignment or which may be imposed by applicable securities, tax or other laws or regulations, including, without limitation, laws relating to Lender's status as a real estate investment trust.

"STORE INCOME STATEMENTS" means the operating statements prepared for each of the Properties in the form attached as Exhibit E to this Lease and otherwise containing such detail as is necessary to determine Lessee's compliance with the provisions of Section 8.A of this Lease. Lessee may prepare the operating statements for the Properties in a form other than that set forth on Exhibit E provided the form Lessee uses contains the same information detailed on the attached Exhibit E and contains such detail as is necessary to determine Lessee's compliance with the provisions of Section 8.A of this Lease.

"SUBSTITUTE DOCUMENTS" is defined in Section 55.B(viii).

"SUBSTITUTE PROPERTY" means one or more parcels of real estate substituted for any of the Properties in accordance with the requirements of Section 55, together with all rights, privileges and appurtenances associated therewith, and all buildings, structures, fixtures (but not trade fixtures) and other improvements located thereon (excluding Personalty). For purposes of clarity, where two or more parcels of real property comprise a Substitute Property, such parcels shall be aggregated and deemed to constitute the Substitute Property for all purposes of this Lease.

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"SUBSTITUTE PROPERTY PERMITTED EXCEPTIONS" is defined in Section 55.B(i)(5).

"SUCCESSOR LESSOR" is defined in Section 24.

"TAKING" is defined in Section 21.A.

"TEMPORARY TAKING" is defined in Section 21.I.

"THREATENED RELEASE" means a substantial likelihood of a Release which requires action to prevent or mitigate damage to the soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air or any other environmental medium comprising or surrounding any of the Properties which may result from such Release.

"TITLE COMPANY" means Lawyers Title Insurance Corporation, or such other nationally recognized title insurance company reasonably acceptable to Lessor.

"TRANSFER" means any sale, transfer or assignment of any document evidencing loan obligations set forth in the Loan Agreement or any of the Loan Documents, or any or all servicing rights with respect thereto.

"TRIPARTITE AGREEMENT" means the Tripartite Agreement dated as of the date of this Agreement among Lessor, Lessee and Remainderman.

"YIELD MAINTENANCE PAYMENT" means an amount equal to the positive difference between (a) the present value, computed at the Reinvestment Rate, of the stream of monthly principal and interest payments in effect under the applicable Note(s) as of the Effective Date from the date of prepayment through the Maturity Date, and (b) the outstanding principal balance of such Note(s) as of the date of prepayment; provided, however, if such difference is a negative number, the Yield Maintenance Payment shall be zero.

2. DEMISE OF PROPERTIES. In consideration of the rentals and other sums to be paid by Lessee and of the other terms, covenants and conditions on Lessee's part to be kept and performed, Lessor hereby leases to Lessee, and Lessee hereby takes and hires, the Properties. The Properties are leased to Lessee "AS IS" and "WHERE IS" without representation or warranty by Lessor and subject to the rights of parties in possession, to the existing state of title, any state of facts which an accurate survey or physical inspection might reveal, and all Applicable Regulations now or hereafter in effect. Lessee has examined each of the Properties and title to each of the Properties and has found all of the same satisfactory for all of Lessee's purposes.

3. CHARACTERIZATION OF LEASE. A. Lessor and Lessee intend that:

(i) this Lease constitutes a single master lease of all, but not less than all, of the Properties and that Lessor and Lessee have executed and delivered this Lease with the understanding that this Lease constitutes a unitary, unseverable instrument pertaining to all, but not less than all, of the Properties, and that neither this Lease nor the duties, obligations or rights of Lessee may be allocated or otherwise divided among the Properties by Lessee;

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(ii) this Lease is a "true lease" and not a financing lease, capital lease, mortgage, equitable mortgage, deed of trust, trust agreement, security agreement or other financing or trust arrangement, and the economic realities of this Lease are those of

a true lease; and

(iii) the business relationship created by this Lease and any related documents is solely that of a long-term commercial lease between landlord and tenant and has been entered into by both parties in reliance upon the economic and legal bargains contained herein.

B. Lessor and Lessee acknowledge and agree that the Lease Term, including any term extensions provided for in this Lease, is less than 90% of the expected remaining economic life of each of the Properties.

C. Lessee and Lessor each waive any claim or defense based upon the characterization of this Lease as anything other than a true lease and irrevocably waive any claim or defense which asserts that the Lease is anything other than a true lease. Lessee and Lessor covenant and agree that they will not assert that this Lease is anything but a true lease. Lessee and Lessor each stipulate and agree not to challenge the validity, enforceability or characterization of the lease of the Properties as a true lease and further stipulate and agree that nothing contained in this Lease creates or is intended to create a joint venture, partnership (either de jure or de facto), equitable mortgage, trust, financing device or arrangement, security interest or the like. Lessee and Lessor each shall support the intent of the parties that the lease of the Properties pursuant to this Lease is a true lease and does not create a joint venture, partnership (either de jure or de facto), equitable mortgage, trust, financing device or arrangement, security interest or the like, if, and to the extent that, any challenge occurs.

D. Lessee and Lessor each waive any claim or defense based upon the characterization of this Lease as anything other than a master lease of all of the Properties and irrevocably waive any claim or defense which asserts that the Lease is anything other than a master lease. Lessee and Lessor each covenant and agree that it will not assert that this Lease is anything but a unitary, unseverable instrument pertaining to the lease of all, but not less than all, of the Properties. Lessee and Lessor each stipulate and agree not to challenge the validity, enforceability or characterization of the lease of the Properties as a unitary, unseverable instrument pertaining to the lease of all, but not less than all, of the Properties. Lessee and Lessor each shall support the intent of the parties that this Lease is a unitary, unseverable instrument pertaining to the lease of all, but not less than all, of the Properties, if, and to the extent that, any challenge occurs.

E. Lessee represents and warrants to Lessor that (i) the Base Annual Rental is the fair market value for the use of the Properties and was agreed to by Lessor and Lessee on that basis, and (ii) the execution, delivery and performance by Lessee of this Lease does not constitute a transfer of all or any part of the Properties, except for the leasehold interest and rights in and to the Properties created by this Lease.

F. The expressions of intent, the waivers, the representations and warranties, the covenants, the agreements and the stipulations set forth in this Section are a material inducement to Lessor's entering into this Lease.

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4. LEASE TERM. The Lease Term for all of the Properties shall commence as of the Effective Date and shall expire on July 31, 2021, unless terminated sooner as provided in this Lease and as may be extended for one initial period of ten years and two subsequent periods of five years each as set forth in Section 27 below. The time period during which this Lease shall actually be in effect is referred to herein as the "Lease Term."

5. RENTAL AND OTHER PAYMENTS. A. If the Effective Date is a date other than the first day of the month, Lessee shall pay Lessor on the Effective Date the Base Monthly Rental prorated on the basis of the ratio that the number of days from the Effective Date through the last day in the month containing the Effective Date bears to the number of days in such month. Thereafter, on or before the first day of each succeeding calendar month, Lessee shall pay Lessor in advance the Base Monthly Rental.

B. All sums of money required to be paid by Lessee under this Lease which are not specifically referred to as rent ("Additional Rental") shall be considered rent although not specifically designated as such. Lessor shall have the same remedies for nonpayment of Additional Rental as those provided herein for the nonpayment of Base Annual Rental.

6. REPRESENTATIONS AND WARRANTIES OF LESSOR. The representations and warranties of Lessor contained in this Section are being

made to induce Lessee to enter into this Lease and Lessee has relied and will continue to rely upon such representations and warranties. Lessor represents and warrants to Lessee as of the Effective Date as follows:

A. ORGANIZATION, AUTHORITY AND STATUS OF LESSOR. (i) Lessor has been duly organized and is validly existing and in good standing under the laws of the State of Delaware. All necessary corporate or other appropriate formal action has been taken to authorize the execution, delivery and performance by Lessor of this Lease and the other documents, instruments and agreements provided for herein.

(ii) The Person who has executed this Lease on behalf of Lessor is duly authorized so to do.

B. ENFORCEABILITY. This Lease constitutes the legal, valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms, subject to general equitable principles and to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect affecting the enforcement of creditors rights generally.

C. ABSENCE OF BREACHES OR DEFAULTS. Lessor is not in breach or default under any document, instrument or agreement to which Lessor is a party or by which Lessor, any of the Properties or any of Lessor's property is subject or bound, which breach or default would have a material adverse effect on Lessor or the Properties. The authorization, execution, delivery and performance of this Lease and the other documents, instruments and agreements provided for herein will not result in any breach of or default under any document, instrument or agreement to which Lessor is a party or by which Lessor, any of the Properties or any of Lessor's property is subject or bound, which breach or default would have a material adverse effect on Lessor or the Properties. The authorization,

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execution, delivery and performance of this Lease and the documents, instruments and agreements provided for herein will not violate any applicable law, statute, regulation, rule, ordinance, code, rule or order known to Lessor and the remedies for such violation would not have a material adverse effect on Lessor or the Properties.

7. REPRESENTATIONS AND WARRANTIES OF LESSEE. The representations and warranties of Lessee contained in this Section are being made to induce Lessor to enter into this Lease and Lessor has relied, and will continue to rely, upon such representations and warranties. Lessee represents and warrants to Lessor as of the Effective Date as follows:

A. ORGANIZATION, AUTHORITY AND STATUS OF LESSEE. (i) Lessee has been duly organized or formed, is validly existing and in good standing under the laws of its state of incorporation or formation and is qualified to do business in each jurisdiction in which any of the Properties are located. All necessary corporate action has been taken to authorize the execution, delivery and performance by Lessee of this Lease and of the other documents, instruments and agreements provided for herein. Lessee is not a "foreign corporation", "foreign partnership", "foreign trust", "foreign limited liability company" or "foreign estate", as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder. Lessee's United States tax identification number is correctly set forth on the signature page of this Lease.

(ii) The Person who has executed this Lease on behalf of Lessee is duly authorized to do so.

B. ENFORCEABILITY. This Lease constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms, subject to general equitable principles and to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect affecting the enforcement of creditors rights generally.

C. LITIGATION. There are no suits, actions, proceedings or investigations pending, or, to the best of its knowledge, threatened against or involving Lessee, Guarantor or any of the Properties before any arbitrator or Governmental Authority, including, without limitation, the Pending Actions, which might

reasonably result in any Material Adverse Effect.

D. ABSENCE OF BREACHES OR DEFAULTS. Neither Lessee nor Guarantor is in default under any document, instrument or agreement to which Lessee or Guarantor is a party or by which Lessee, Guarantor, any of the Properties or any of Lessee's or Guarantor's property is subject or bound, which default could reasonably be expected to result in any Material Adverse Effect. The authorization, execution, delivery and performance of this Lease and the documents, instruments and agreements provided for herein will not result in any breach of or default under any document, instrument or agreement to which Lessee or Guarantor is a party or by which Lessee, Guarantor, any of the Properties or any of Lessee's or Guarantor's property is subject or bound, which breach or default could reasonably be expected to result in any Material Adverse Effect. The authorization, execution, delivery and performance of this Lease and the documents, instruments and agreements provided for

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herein will not violate any applicable law, statute, regulation, rule, ordinance, code, rule or order, which violation could reasonably be expected to result in any Material Adverse Effect.

E. LIABILITIES OF LESSOR. Lessee is not liable for any indebtedness for money borrowed by Lessor and has not guaranteed any of the debts or obligations of Lessor.

8. COVENANTS. Lessee covenants to Lessor for so long as this Lease is in effect as follows:

A. AGGREGATE FIXED CHARGE COVERAGE RATIO. Lessee shall maintain an Aggregate Fixed Charge Coverage Ratio at all of the FCCR Properties in the aggregate of at least 1.25:1, calculated as of the last day of each fiscal year of Lessee (each, a "Fiscal Year"). For purposes of this Lease, the term "Aggregate Fixed Charge Coverage Ratio" shall mean with respect to the twelve month period of time ending on the date of calculation, the ratio calculated for such period of time of (a) the sum of Net Income, Depreciation and Amortization, Interest Expense and Operating Lease Expense, less a corporate overhead allocation in an amount equal to 4% of Aggregate Gross Sales, to (b) the sum of the Operating Lease Expense and the Equipment Payment Amount.

For purposes of this Section 8, the following terms shall be defined as set forth below:

"CAPITAL LEASE" shall mean any lease of any property (whether real, personal or mixed) by Lessee with respect to one or more of the FCCR Properties which lease would, in conformity with GAAP, be required to be accounted for as a capital lease on the balance sheet of Lessee. The term "Capital Lease" shall not include any operating lease or this Lease.

"DEBT" shall mean, as directly related to all of the FCCR Properties and the period of determination, (i) obligations of Lessee to pay debt service in respect of indebtedness of Lessee for borrowed money, (ii) obligations of Lessee evidenced by bonds, indentures, notes or similar instruments, (iii) obligations of Lessee to pay the deferred purchase price of property or services, (iv) obligations of Lessee under leases which should be, in accordance with GAAP, recorded as Capital Leases, and (v) obligations of Lessee under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above. The term "Debt" shall not include Lessor's debt with respect to the FCCR Properties or otherwise.

"DEPRECIATION AND AMORTIZATION" shall mean with respect to all of the FCCR Properties the depreciation and amortization accruing during any period of determination with respect to Lessee as determined in accordance with GAAP. The term "Depreciation and Amortization" shall not include Lessor's depreciation and amortization with respect to the FCCR Properties or otherwise.

"EQUIPMENT PAYMENT AMOUNT" shall mean for any period of determination the sum of all amounts payable during such period of determination under all (i) leases entered into by Lessee for Personalty located at one or more of the FCCR Properties and (ii) all loans made to Lessee secured by Lessee's interest in the Personalty located at one or more of the FCCR Properties.

"INTEREST EXPENSE" shall mean for any period of determination, the sum of all interest accrued or which should be accrued in respect of all Debt of Lessee directly attributable to one or more of the FCCR Properties and all business operations thereon during such period (including interest attributable to Capital Leases), as determined in accordance with GAAP.

"NET INCOME" shall mean with respect to all of the period of determination, the gross income of Lessee allocable to all of the FCCR Properties less all operating expenses allocable to all of the FCCR Properties. In determining the amount of Net Income, (i) adjustments shall be made for nonrecurring gains and losses allocable to the period of determination, (ii) deductions shall be made for, among other things, Depreciation and Amortization, Interest Expense and Operating Lease Expense allocable to the period of determination, (iii) charges for related entity services, financings, mark-ups on purchases and other similar charges which are of a nature historically accounted for in Lessee's Store Income Statements shall be excluded, and (iv) no deductions shall be made for (x) income taxes or charges equivalent to income taxes allocable to the period of determination, as determined in accordance with GAAP, or (y) corporate overhead expense allocable to the period of determination. All Net Sublease Rents received by Lessee pursuant to subleases contemplated by Section 26 of this Lease shall be included within "Net Income" for purposes of the determination of the Aggregate Fixed Charge Coverage Ratio.

"OPERATING LEASE EXPENSE" shall mean the lease payments incurred by Lessee under any operating leases with respect to one or more of the FCCR Properties (including this Lease) and the business operations thereon during the period of determination, as determined in accordance with GAAP.

B. NONCONSOLIDATION COVENANTS. (i) Lessee will not assume liability for any indebtedness for money borrowed by Lessor and does not, and will not, guarantee any of the debts or obligations of Lessor. Lessee will not hold itself out as being liable for any obligations or indebtedness of Lessor.

(ii) Lessee shall not and shall use its best efforts to cause its Affiliates not to hold Lessor out to the public or to any individual creditors as being a unified entity with assets and liabilities in common with Lessee.

(iii) Lessee shall conduct its business so as not to mislead others as to the separate identity of Lessor, and particularly will avoid the appearance of conducting business on behalf of Lessor. Without limiting the generality of the foregoing, no oral and written communications of Lessee, including, without limitation, letters, invoices, purchase

orders, contracts, statements and loan applications, will be made in the name of Lessor which to the extent that to do otherwise would materially bear upon the maintenance of Lessor's separate identity.

(iv) Lessee will not act in Lessor's name.

(v) Where necessary and appropriate, Lessee shall disclose the independent business status of Lessor to creditors of

Lessee, if any.

(vi) The resolutions, agreements and other instruments of Lessee, if any, underlying the transactions described in this Lease will be maintained by Lessee.

(vii) All transactions between Lessee and Lessor will be no less fair to each party than they could obtain on an arm's-length basis.

(viii) The books, records and accounts of Lessee shall at all times be maintained in a manner permitting the assets and liabilities of Lessor to be easily separated and readily ascertained from those of Lessee.

(ix) Lessee will not direct, or otherwise control, the ongoing business decisions of Lessor.

(x) Lessee will not file or cause to be filed a voluntary or involuntary petition in bankruptcy on behalf of or against Lessor.

C. TRANSFER, PARTICIPATION AND SECURITIZATION

COVENANTS. (i) Lessee agrees to cooperate in good faith with Lessor and Lender in connection with any Transfer, Participation and/or Securitization of any of the Notes, Mortgages and/or any of the Loan Documents, or any or all servicing rights with respect thereto, including, without limitation, (x) providing all current public documents, financial and other data required to be filed with the United States Securities and Exchange Commission with respect to Lessee and the Store Income Statements (collectively, the "Disclosures"); provided, however, Lessee shall not be required to make Disclosures of any Confidential Information or any information which has not previously been made public except as required by applicable federal or state securities laws; and (y) amending the terms of this Lease to the extent necessary so as to satisfy the reasonable requirements of purchasers, transferees, assignees, servicers, participants, investors or selected rating agencies involved in any such Transfer, Participation or Securitization, so long as such amendments would not materially and adversely affect the economic terms of this Lease or Lessee. Lessor and Lender shall prepare, at the expense of Lessor and Lender, all documents evidencing such amendments, provided that Lessee shall be responsible for the payment of its attorneys' fees incurred in connection with reviewing and finalizing such documents.

(ii) Lessee consents to Lessor and Lender providing the Disclosures, as well as any other information which Lessor and Lender may now have or hereafter acquire with respect to the Properties or the financial condition of Lessee to each purchaser, transferee, assignee, servicer, participant, investor or rating agency involved with respect to such Transfer, Participation and/or Securitization, as applicable. Lessee, Lessor and Lender shall

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pay their own attorneys' fees and other out-of-pocket expenses incurred in connection with the performance of its obligations under this Section 8.C.

D. COMPLIANCE CERTIFICATE. Within 90 days after the end of each Fiscal Year, Lessee shall deliver to Lessor such compliance certificates as Lessor may reasonably require in order to establish that Lessee is in compliance in all material respects with all of the obligations, duties and covenants imposed on Lessee pursuant to this Lease.

9. RENTALS TO BE NET TO LESSOR. The Base Annual Rental payable hereunder shall be net to Lessor, so that this Lease shall yield to Lessor the rentals specified during the Lease Term, and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Properties shall be performed and paid by Lessee.

10. TAXES AND ASSESSMENTS. Lessee shall pay, prior to the earlier of delinquency or the accrual of interest on the unpaid balance, all taxes and assessments of every type or nature assessed against, imposed upon or arising with respect to Lessor (assuming that the Properties are the only real property owned by Lessor and that Lessor is not engaged in any business other than the ownership, leasing and financing of the Properties and any

other matters ancillary thereto), any of the Properties, this Lease, the rental or other payments due under this Lease or Lessee during the Lease Term which affect in any manner the net return realized by Lessor under this Lease, including, without limitation, the following:

A. All taxes and assessments upon any of the Properties or any part thereof and upon any Personalty, whether belonging to Lessor or Lessee, or any tax or charge levied in lieu of such taxes and assessments;

B. All taxes, charges, license fees and or similar fees imposed by reason of the use of any of the Properties by Lessee; and

C. All excise, transaction, privilege, license, sales, use and other taxes upon the rental or other payments due under this Lease, the leasehold estate of either party or the activities of either party pursuant to this Lease.

Notwithstanding the foregoing, but without limiting the preceding obligation of Lessee to pay all taxes which are imposed on the rental or other payments due under this Lease, in no event will Lessee be required to pay any net income taxes or taxes in lieu of income taxes (i.e., taxes which are determined taking into account deductions arising from depreciation, interest, taxes and ordinary and necessary business expenses) or franchise taxes (unless imposed in lieu of other taxes that would otherwise be the obligation of Lessee under this Lease, including, without limitation, any "gross receipts tax" or any similar tax based upon gross income or receipts of Lessor which does not take into account deductions arising from depreciation, interest, taxes and/or ordinary or necessary business expenses) of Lessor, any transfer taxes of Lessor, or any tax imposed with respect to the sale, exchange or other disposition by Lessor, in whole or in part, of any of the Properties or Lessor's interest in this Lease (other than transfer or recordation taxes imposed in connection with the transfer of any of the Properties to Lessee, the substitution of a Substitute Property or the termination of this Lease pursuant to the provisions of this Lease).

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All taxing authorities shall be instructed to send all tax and assessment invoices to Lessee and Lessee shall promptly provide Lessor and Lender with copies of all tax and assessment invoices received by Lessee. Upon request, Lessee shall also provide Lessor and Lender with evidence that such invoices were paid in a timely fashion. Lessee may, at its own expense, contest or cause to be contested (in the case of any item involving more than \$50,000.00, after prior written notice to Lessor), by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any item specified in this Section 10 or any lien therefor, provided that (i) such proceeding shall suspend the collection thereof from the applicable Properties or any interest therein, (ii) neither such Properties nor any interest therein would be in any danger of being sold, forfeited or lost by reason of such proceedings, (iii) no Event of Default has occurred, and (iv) Lessee shall have deposited with Lessor adequate reserves for the payment of the taxes, together with all interest and penalties thereon, unless paid in full under protest, or Lessee shall have furnished the security as may be required in the proceeding or as may be reasonably required by Lessor to ensure payment of any contested taxes. So long as an Event of Default shall not have occurred and be continuing, any amount recovered as a result of retroactive tax contests with respect to taxes or assessments payable during the Lease Term shall be paid to Lessee. Lessor shall, at the request of Lessee, execute or join in the execution of any instruments or documents reasonably requested by Lessee in connection with any contest or proceeding contemplated by this Section 10, but Lessee shall be solely responsible for the payment of all costs and expenses incurred by Lessor or Lessee in connection with such contests and proceedings.

11. UTILITIES. Lessee shall contract, in its own name, for and pay when due all charges for the connection and use of water, gas, electricity, telephone, garbage collection, sewer use and other utility services supplied to the Properties during the Lease Term. Under no circumstances shall Lessor be responsible for providing any utility service to the Properties. Unless an Event of Default shall have occurred and be continuing, Lessor will not take any action to interrupt the utility service to the Properties.

12. INSURANCE. Throughout the Lease Term, Lessee shall maintain, or cause a permitted sublessee as contemplated by Section 26 to maintain, with respect to each of the Properties, at its sole expense, the following types and amounts of insurance (which may be included under a blanket

insurance policy if all the other terms hereof are satisfied):

A. Insurance against loss, damage or destruction by fire and other casualty, including theft, vandalism and malicious mischief, flood (for each of the Properties which is in a location designated by the Federal Emergency Management Administration as a Special Flood Hazard Area), earthquake (for each of the Properties which is in an area commonly subject to destructive earthquakes within recorded history), boiler explosion (for each of the Properties with a boiler), plate glass breakage, sprinkler damage (for each of the Properties which has a sprinkler system), all matters covered by a standard extended coverage endorsement, all matters covered by a special coverage endorsement commonly known as an "all-risk" endorsement and such other risks as Lessor may reasonably require consistent with reasonably prudent business practices for similar types of properties, insuring each of the Properties for not less than 100% of their full insurable replacement cost.

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B. Commercial general liability and property damage insurance, including a products liability clause, covering Lessor, Remainderman and Lessee against bodily injury liability, property damage liability and automobile bodily injury and property damage liability, including without limitation any liability arising out of the ownership, maintenance, repair, condition or operation of the Properties or, to the extent covered by a customary commercial general liability policy, adjoining ways, streets or sidewalks and, if applicable, insurance covering Lessor, Remainderman and Lessee against liability arising from the sale of liquor, beer or wine on the Properties. Such insurance policy or policies shall contain a broad form contractual liability endorsement under which the insurer agrees to insure Lessee's obligations under Section 19 hereof to the extent insurable, and a "severability of interest" clause or endorsement which precludes the insurer from denying the claim of Lessee, Remainderman or Lessor because of the negligence or other acts of the other, shall be in amounts of not less than \$1,000,000.00 per injury and occurrence with respect to any insured liability, whether for personal injury or property damage, or such higher limits as Lessor or Remainderman may reasonably request from time to time, and shall be of form and substance satisfactory to Lessor and Remainderman.

C. Business income interruption insurance or rental interruption insurance, when applicable, as requested by Lessor, equal to 100% of the Base Annual Rental for a period of not less than 12 months.

D. State worker's compensation insurance, or self insurance where permitted by applicable law, in the statutorily mandated limits, employer's liability insurance with limits not less than \$500,000 or such greater amount as Lessor or Remainderman may from time to time reasonably require and such other insurance as may be necessary to comply with applicable laws.

E. Such other insurance as may from time to time be reasonably required by Lessor, Remainderman or Lender consistent with prudent business practices for similar types of properties in order to protect their respective interests with respect to the Properties.

All insurance policies shall:

(i) Provide for a waiver of subrogation by the insurer as to claims against Lessor, Remainderman, Lender and their respective employees and agents;

(ii) Provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by Lessor, Remainderman or Lender and that the insurance policy shall not be brought into contribution with insurance maintained by Lessor, Remainderman or Lender;

(iii) Contain a standard without contribution mortgage clause endorsement in favor of Lender and naming such other parties as additional named insureds as may be designated by Lessor provided such parties have either a direct or indirect ownership interest in the Properties or

Lessor, or are managers, asset managers, agents or independent contractors of Lessor or any entity or person which has an ownership interest in Lessor;

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(iv) Provide that the policy of insurance shall not be terminated, cancelled or substantially modified without at least thirty (30) days' prior written notice to Lessor, Remainderman, Lender and to any other party covered by any standard mortgage clause endorsement;

(v) Provide that the insurer shall not have the option to restore the applicable Properties if Lessor or Lessee elects to terminate this Lease in accordance with the terms hereof;

(vi) Be issued by insurance companies licensed to do business in the states in which the Properties are located and which are rated A:VI or better by A.M. Best's Insurance Guide or are otherwise reasonably approved by Lessor and Remainderman; and

(vii) Provide that the insurer shall not deny a claim nor shall the insurance be cancelled, invalidated or suspended by (1) any action, inaction, conduct or negligence of Lessor, Remainderman, Lender or any other party covered by any standard mortgage clause endorsement, Lessee, anyone acting for Lessee or any subtenant or other occupant of any of the Properties, (2) occupancy or use of any of the Properties for purposes more hazardous than permitted by such policies, (3) any foreclosure or other proceedings relating to any of the Properties or change in title to or ownership of any of the Properties, or (4) any breach or violation by Lessee or any other person of any warranties, declarations or conditions contained in such policies or the applications for such policies.

It is expressly understood and agreed that the foregoing minimum limits of insurance coverage shall not limit the liability of Lessee for its acts or omissions as provided in this Lease. All insurance policies (with the exception of worker's compensation insurance to the extent not available under statutory law), shall designate Lessor, Remainderman and Lender as additional named insureds as their interests may appear and shall be payable as set forth in Section 21 hereof. All such policies shall be written as primary policies, with deductibles not to exceed 10% of the amount of coverage; provided, however, (i) Lessee shall be permitted to maintain deductibles on replacement value property insurance in an amount not to exceed \$100,000.00 per Property, and (ii) at all times while Guarantor maintains a net worth determined in accordance with GAAP of at least \$280,000,000.00 and Guarantor has a solicited long term debt rating (or, if Guarantor does not have a solicited long term debt rating, a corporate rating) of (a) BB or better by Standard & Poors Rating Group, or any successor thereto, or (b) ba2 or better by Moody's Investors Service, Inc., Lessee may self-insure or maintain deductibles on general liability insurance in an amount not to exceed \$250,000.00 per occurrence per Property. Any other policies, including any policy now or hereafter carried by Lessor, Remainderman or Lender, shall serve as excess coverage. Lessee shall procure policies for all insurance for periods of not less than one year and shall provide to Lessor, Remainderman and Lender certificates of insurance or, upon the request of Lessor, Remainderman or Lender, duplicate originals of insurance policies evidencing that insurance satisfying the requirements of this Lease is in effect at all times. If Lessee in good faith desires to change its insurance carrier or, not more often than once in any Lease Year, change to a policy year ending on a different calendar date, Lessor will not unreasonably withhold its consent to Lessee maintaining the preceding insurance policies for a period of less than one year solely as a result of

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the transition of such insurance policies to the replacement carrier or the revised ending date. Lessor further agrees that, to the extent it has requested and received duplicate originals of the insurance policies required by this Lease, Lessee shall not be required to subsequently provide duplicate originals of such insurance policies unless any of the coverages provided in any such policies change or the carrier of any such policy changes, in which event Lessee shall only be required to provide (without limiting Lessee's

obligation to deliver certificates of insurance as contemplated by this Section), upon the request of Lessor, duplicate originals of those portions of the policies which have changed and/or those policies for which the carrier has changed. In the event of any transfer by Lessor of Lessor's interest in any of the Properties or any financing or refinancing of Lessor's interest in any of the Properties, or by Remainderman of Remainderman's interest in any of the Properties, Lessee shall, upon not less than ten (10) Business Days prior written notice, deliver to Lessor and Remainderman or any Lender providing such financing or refinancing, as applicable, certificates of all insurance required to be maintained by Lessee hereunder naming such transferee or such Lender, as applicable, as an additional named insured to the extent required herein effective as of the date of such transfer, financing or refinancing.

13. TAX AND INSURANCE IMPOUND. Upon the occurrence of an Event of Default resulting from the failure of Lessee to perform any monetary obligation due under this Lease, including, without limitation, the failure to pay Base Annual Rental, Additional Rental and/or taxes, assessments and/or insurance premiums as contemplated by this Lease, Lessor may require Lessee to pay to Lessor sums which will provide an impound account (which shall not be deemed a trust fund) for paying up to the next one year of taxes, assessments and/or insurance premiums for each of the Properties. Upon such requirement, Lessor will estimate the amounts needed for such purposes and will notify Lessee to pay the same to Lessor in equal monthly installments, as nearly as practicable, in addition to all other sums due under this Lease. Should additional funds be required at any time, Lessee shall pay the same to Lessor on demand. Lessee shall advise Lessor of all taxes and insurance bills which are due and shall cooperate fully with Lessor in assuring that the same are paid timely. Lessor may deposit all impounded funds in accounts insured by any federal or state agency. Interest or other gains from such funds, if any, shall, so long as no Event of Default shall have occurred and be continuing, be the sole property of Lessee. Interest or other gains from such funds, if any, shall, if, subsequent to Lessor requiring Lessee to establish such impound account, an Event of Default shall have occurred and be continuing, be the sole property of Lessor. Upon the occurrence and during the continuance of an Event of Default, Lessor may apply all impounded funds against any sums due from Lessee to Lessor. Lessor shall give to Lessee an annual accounting showing all credits and debits to and from such impounded funds received from Lessee. Nothing in this Section 13 shall be interpreted as a waiver by Lessor of any rights Lessor may have under this Lease upon the occurrence and during the continuance of an Event of Default.

14. PAYMENT OF RENTAL AND OTHER SUMS. All rental and other sums which Lessee is required to pay hereunder shall be the unconditional obligation of Lessee and shall be payable in full when due without any setoff, abatement, deferment, deduction or counterclaim whatsoever. Upon execution of this Lease, Lessee shall establish arrangements whereby payments of the Base Monthly Rental and impound payments, if any, are transferred by wire or other means directly from Lessee's bank account to such account as Lessor may designate. Any delinquent payment

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(that is, any payment not made within five Business Days after the date when due) shall, in addition to any other remedy of Lessor, incur a late charge of 5% (which late charge is intended to compensate Lessor for the cost of handling and processing such delinquent payment and should not be considered interest) and bear interest at the Default Rate, such interest to be computed from and including the date such payment was due through and including the date of the payment; provided, however, in no event shall Lessee be obligated to pay late charges and interest in amounts that exceed the limitations imposed by applicable law then in effect.

15. USE. Except as set forth below, each of the Properties shall be used solely for the operation of a Permitted Facility in accordance with the standards of operations then in effect on a system-wide basis, and for no other purpose. Lessee shall promptly notify Lessor of a change of use of any of the Properties from any restaurant concept included within the definition of Permitted Facility to another restaurant concept included within the definition of Permitted Facility. Lessee shall occupy the Properties promptly following the Effective Date and, except as set forth below and except during periods when any of the Properties is untenable by reason of Casualty or Taking (provided, however, during all such periods while any of the Properties is untenable, Lessee shall strictly comply with the terms and conditions of Section 21 of this Lease), Lessee shall at all times during the Lease Term occupy each of the Properties and shall diligently conduct its business on each of the Properties as a Permitted Facility. Lessee may cease diligent operation of business at any of the Properties for a period not to exceed 180 days; provided, however, Lessee may not cease diligent operation

at more than four of the Properties at any one time and Lessee may only cease operation once with respect to each Property within any five-year period during the Lease Term. Notwithstanding the foregoing, so long as an Event of Default has not otherwise occurred and is continuing under this Lease, up to two of the Properties then subject to this Lease may be closed for an indefinite period of time without such closure constituting an Event of Default under this Lease. If Lessee does discontinue operation as permitted by this Section 15, Lessee shall (i) give written notice to Lessor within 10 Business Days after Lessee elects to cease operation, (ii) provide adequate protection and maintenance of any such Properties during any period of vacancy, (iii) comply with all Applicable Regulations and otherwise comply with the terms and conditions of this Lease other than the continuous use covenant set forth in this Section 15, and (iv) pay all costs necessary to restore such Properties to their condition on the day operation of the business ceased at such time as such Properties are reopened for Lessee's business operations or other substituted use approved by Lessor as contemplated below. Notwithstanding anything herein to the contrary, Lessee shall pay the Base Monthly Rental as provided herein during any period in which Lessee discontinues operation.

Lessee shall not, by itself or through any assignment, sublease or other type of transfer, convert any of the Properties to a use other than a Permitted Facility during the Lease Term without Lessor's consent, which consent shall not be unreasonably withheld or delayed. Lessor may consider any or all of the following in determining whether to grant its consent, without being deemed to be unreasonable: (i) whether the rental paid to Lessor would be equal to or greater than the anticipated rental assuming continued existing use, (ii) whether the converted use will be consistent with the highest and best use of the Properties, and (iii) whether the converted use will increase Lessor's risks or decrease the value of the Properties.

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16. COMPLIANCE WITH LAWS, RESTRICTIONS, COVENANTS AND ENCUMBRANCES. A. Lessee's use and occupation of each of the Properties, and the condition thereof, shall, at Lessee's sole cost and expense, comply fully with all Applicable Regulations and all restrictions, covenants and encumbrances of record applicable to such Property. In addition to the other requirements of this Section 16, Lessee shall, at all times throughout the Lease Term, comply with all Applicable Regulations, including, without limitation, in connection with any maintenance, repairs and replacements of the Properties undertaken by Lessee as required by Section 17 of this Lease.

B. Lessee will use its reasonable best efforts to not permit any act or condition to exist on or about any of the Properties (excluding acts committed by third parties not within the control of Lessee) which will increase any insurance rate thereon, except when such acts are required in the normal course of its business and Lessee shall pay for such increase.

C. Without limiting the generality of the other provisions of this Section 16, Lessee agrees that it shall be responsible for complying in all applicable respects with the Americans with Disabilities Act of 1990, as such act may be amended from time to time, and all regulations promulgated thereunder (collectively, the "ADA"), as it affects the Properties, including, without limitation, making required "readily achievable" changes to remove any architectural or communications barriers, and providing auxiliary aides and services within the Properties. Lessee further agrees that any and all alterations made to the Properties during the Lease Term will comply with the applicable requirements of the ADA. All plans for alterations which must be submitted to Lessor under the provisions of Section 18 must include a statement from a licensed architect or engineer certifying that he or she has reviewed the plans, and that the plans comply with all applicable provisions of the ADA. Any subsequent approval or consent to the plans by Lessor shall not be deemed to be a representation of Lessor's part that the plans comply with the ADA, which obligation shall remain with Lessee. Lessee agrees that it will defend, indemnify and hold harmless the Indemnified Parties from and against any and all Losses caused by, incurred or resulting from Lessee's failure to comply with its obligations under this Section 16.C.

D. Lessee represents and warrants to Lessor as of the Effective Date, to Lessee's knowledge and except as disclosed in the Questionnaires:

(i) None of the Properties nor Lessee, in connection with its occupancy, use or operation of the Properties, are in violation of any Environmental Laws except for such noncompliance which could not reasonably be expected to have a Material Adverse Effect, or subject to any pending or threatened investigation or

inquiry by any Governmental Authority or to any remedial obligations under any Environmental Laws that could reasonably be expected to have a Material Adverse Effect.

(ii) All permits, licenses or similar authorizations to construct, occupy, operate or use any buildings, improvements, fixtures and equipment forming a part of any of the Properties required to be obtained by reason of any Environmental Laws have been obtained, except for such permits, licenses or authorizations the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect.

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(iii) Except in De Minimis Amounts, no Hazardous Materials have been used, handled, manufactured, generated, produced, stored, treated, processed, transferred, disposed of or otherwise Released in, on, under, from or about any of the Properties, which have not been properly remediated in accordance with all applicable Environmental Laws, or which could not reasonably be expected to have a Material Adverse Effect.

(iv) The Properties do not contain Hazardous Materials, other than in De Minimis Amounts, or underground storage tanks.

(v) There is no past or present non-compliance with Environmental Laws, or with permits issued pursuant thereto, in connection with any of the Properties, except for such non-compliance which could not reasonably be expected to have a Material Adverse Effect.

(vi) Lessee has not received any written notice or other communication from any Person (including but not limited to a Governmental Authority) relating to Hazardous Materials or Remediation thereof, of possible liability of any Person pursuant to any Environmental Law, other Environmental Conditions in connection with any of the Properties, or any actual or potential administrative or judicial proceedings in connection with any of the foregoing, in each case with respect to a condition or event that could reasonably be expected to have a Material Adverse Effect.

(vii) Lessee has truthfully and fully provided to Lessor, in writing, any and all information relating to Environmental Conditions in, on, under or from the Properties that is known to Lessee and that is contained in Lessee's files and records, including but not limited to any environmental investigations relating to Hazardous Materials in, on, under or from any of the Properties.

(viii) All uses and operations on or of the Properties, whether by Lessee or any other Person, have been in compliance with all Environmental Laws and permits issued pursuant thereto, except for such non-compliance which could not reasonably be expected to have a Material Adverse Effect; and the Properties have been kept free and clear of all liens and other encumbrances imposed pursuant to any Environmental Law (the "Environmental Liens").

E. Lessee covenants to Lessor during the Lease Term that: (i) the Properties shall not be in violation of or subject to any investigation or inquiry by any Governmental Authority or to any remedial obligations under any Environmental Laws except for such violations or investigations or inquiries which relate to Hazardous Materials in De Minimis Amounts, and if any such investigation or inquiry is initiated, Lessee shall promptly notify Lessor; (ii) all uses and operations on or of each of the Properties, whether by Lessee or any other Person, shall be in compliance with all applicable Environmental Laws and permits issued pursuant thereto, except for such noncompliance which relates to Hazardous Materials in De Minimis Amounts; (iii) there shall be no Releases in, on, under or from any of the Properties, except in De Minimis Amounts; (iv) there shall be no Hazardous Materials in, on, or under any of the Properties, except in De Minimis Amounts; (v) Lessee shall keep each of the Properties free and clear of all Environmental Liens, whether due to any act or omission of Lessee or any other Person; (vi) Lessee shall, at its sole cost

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and expense, fully and expeditiously cooperate in all activities pursuant to subsection F below, including but not limited to providing all relevant

information and making knowledgeable persons within the control of Lessee available for interviews; (vii) in the event of any alleged or known Release, Lessee shall, at its sole cost and expense, perform any environmental site assessment or other investigation of Environmental Conditions in connection with any of the Properties as may be reasonably requested by Lessor (including but not limited to sampling, testing and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas), and share with Lessor the reports and other results thereof, and Lessor and the other Indemnified Parties shall be entitled to rely on such reports and other results thereof; (viii) Lessee shall, at its sole cost and expense, comply with all reasonable written requests of Lessor to (1) reasonably effectuate Remediation of any condition (including but not limited to a Release) in, on, under or from any of the Properties; (2) comply with any Environmental Law; (3) comply with any applicable directive from any Governmental Authority, or engage in appropriate alternative remedial activities if approved by such Governmental Authority; and (4) take any other reasonable action necessary or appropriate for protection of human health or the environment on the Properties; (ix) Lessee shall, upon obtaining such information, promptly notify Lessor in writing of (A) any Releases or Threatened Releases in, on, under, from or migrating towards any of the Properties which could reasonably be expected to involve Hazardous Materials other than in De Minimis Amounts; (B) any non-compliance with any Environmental Laws related in any way to any of the Properties, which non-compliance could reasonably be expected to involve Hazardous Materials other than in De Minimis Amounts; (C) any actual or potential Environmental Lien; (D) any required or proposed Remediation of Environmental Conditions relating to any of the Properties; and (E) any written or oral notice or other communication of which Lessee becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials or Remediation thereof which could reasonably be expected to involve Hazardous Materials other than in De Minimis Amounts, possible liability of any Person pursuant to any Environmental Law, other Environmental Conditions in connection with any of the Properties, or any actual or potential administrative or judicial proceedings in connection with anything referred to in this Section.

F. Lessor, Lender and any other Person designated by Lessor, including but not limited to any receiver, any representative of a Governmental Authority, and any environmental consultant, shall, after five Business Days' prior written notice to Lessee (except that in the event of an emergency no such prior notice shall be required), have the right, but not the obligation, to enter upon the Properties at all reasonable times (including, without limitation, in connection with any Securitization, Participation or Transfer or in connection with a proposed sale or conveyance of any of the Properties or a proposed financing or refinancing secured by any of the Properties or in connection with the exercise of any remedies set forth in this Lease, the Mortgages or the other Loan Documents, as applicable) to assess any and all aspects of the environmental condition of the Properties and their use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in the sole and absolute discretion of the party conducting the assessment) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing; provided, however, that any such persons (except in emergencies) shall use reasonable efforts to undertake any such assessments or investigations so as to minimize the impact on Lessee's business operations at the Properties. Lessee shall cooperate with and provide access to Lessor, Lender and any other Person designated by Lessor. Any such assessment and investigation shall be at Lessor's sole cost and expense unless at the time of any such assessment or investigation

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Lessor has a reasonable basis for believing that a Release has occurred on a Property or an Event of Default has occurred and is continuing, in which case Lessee shall be responsible for the cost of any such assessment or investigation. Unless an Event of Default shall have occurred and be continuing, upon completion of any assessments or testing pursuant to this Section 16.F (i) the Properties shall be restored to their condition at the time of commencement of testing, including, without limitation, the repair of any damage to the Properties as a result of such testing and (ii) Lessor shall indemnify, defend and hold Lessee harmless from and against any costs (including, without limitation, reasonable attorneys' fees and expenses), claims, loss or damages resulting from any assessments or testing pursuant to this Section 16.F (excluding claims, losses or damages suffered by Lessee as a result of Lessee's gross negligence or willful misconduct).

G. Lessee shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless each of the Indemnified Parties for, from and against any and all Losses (excluding Losses for which Lessor has

agreed to indemnify, defend and hold harmless Lessee pursuant to Sections 16.F and 22 and Losses suffered by an Indemnified Party directly arising out of such Indemnified Party's gross negligence or willful misconduct; provided, however, that the term "gross negligence" shall not include gross negligence imputed as a matter of law to any of the Indemnified Parties solely by reason of Lessor's interest in any of the Properties or Lessor's failure to act in respect of matters which are or were the obligation of Lessee under this Lease) and costs of Remediation (whether or not performed voluntarily), engineers' fees, environmental consultants' fees, and costs of investigation (including but not limited to sampling, testing, and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas) imposed upon or incurred by or asserted against any Indemnified Parties, and directly or indirectly arising out of or in any way relating to any one or more of the following: (i) any presence of any Hazardous Materials in, on, above, or under any of the Properties; (ii) any past or present Release or Threatened Release in, on, above, under or from any of the Properties; (iii) any activity by Lessee, any Affiliate of Lessee or any other tenant or other user of any of the Properties in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from any of the Properties of any Hazardous Materials at any time located in, under, on or above any of the Properties; (iv) any activity by Lessee, any Affiliate of Lessee or any other tenant or other user of any of the Properties in connection with any actual or proposed Remediation of any Hazardous Materials at any time located in, under, on or above any of the Properties, whether or not such Remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action; (v) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with any of the Properties or operations thereon, including but not limited to any failure by Lessee, any Affiliate of Lessee or any other tenant or other user of any of the Properties to comply with any order of any Governmental Authority in connection with any Environmental Laws; (vi) the imposition, recording or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering any of the Properties; (vii) any administrative processes or proceedings or judicial proceedings in any way connected with any matter addressed in this Section; (viii) any past, present or threatened injury to, destruction of or loss of natural resources in violation of Environmental Laws in any way connected with any of the Properties, including but not limited to costs to investigate and assess such injury, destruction or loss; (ix) any acts of Lessee, any Affiliate of Lessee or any other tenant or user of any of the Properties in arranging for disposal or

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treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Materials owned or possessed by Lessee, any Affiliate of Lessee or any other tenant or user of any of the Properties, at any facility or incineration vessel owned or operated by another Person and containing such or similar Hazardous Materials; (x) any acts of Lessee, any Affiliate of Lessee or any other tenant or user of any of the Properties, in accepting any Hazardous Materials for transport to disposal or treatment facilities, incineration vessels or sites selected by Lessee, any Affiliate of Lessee or any other tenant or user of any of the Properties, from which there is a Release, or a Threatened Release of any Hazardous Materials which causes the incurrence of costs for Remediation; (xi) any personal injury, wrongful death, or property damage arising under any statutory or common law or tort law theory, including but not limited to damages assessed for the maintenance of a private or public nuisance or for the conducting of an abnormally dangerous activity, on or near any of the Properties; and (xii) any misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to this Section.

H. The obligations of Lessee and the rights and remedies of Indemnified Parties under Sections 16.D through 16.G shall survive the termination, expiration and/or release of this Lease.

17. **CONDITION OF PROPERTIES; MAINTENANCE.** Lessee, at its own expense, will maintain all parts of each of the Properties in good repair and sound condition, except for ordinary wear and tear and any Casualties and Takings (but without limiting Lessee's obligations under the terms and conditions of Section 21 of this Lease with respect to Casualties and Takings), and will take all action and will make all structural and non-structural, foreseen and unforeseen and ordinary and extraordinary changes and repairs or replacements which may be required to keep all parts of each

of the Properties in good repair and sound condition. Lessee waives any right to (i) require Lessor to maintain, repair or rebuild all or any part of any of the Properties or (ii) make repairs at the expense of Lessor, pursuant to any Applicable Regulations at any time in effect.

18. WASTE; ALTERATIONS AND IMPROVEMENTS. Lessee shall not commit actual or constructive waste upon any of the Properties. Lessee shall not alter the exterior, structural, plumbing or electrical elements of any of the Properties in any manner without the consent of Lessor, which consent shall not be unreasonably withheld or conditioned (it being understood and agreed that to the extent Lessor is required to obtain the approval of Lender with respect to any such alterations, Lessor shall in no event be deemed to have unreasonably withheld Lessor's approval thereof if Lender shall not have given its approval if required); provided, however, Lessee may undertake nonstructural alterations to any of the Properties costing less than \$100,000.00 without Lessor's consent. If Lessor's consent is required hereunder and Lessor consents to the making of any such alterations, the same shall be made according to plans and specifications approved by Lessor and subject to such other conditions as Lessor shall reasonably require. All alterations shall be made by Lessee at Lessee's sole expense by licensed contractors and in accordance with all applicable laws governing such alterations. Any work at any time commenced by Lessee on any of the Properties shall be prosecuted diligently to completion, shall be of good workmanship and materials and shall comply fully with all the terms of this Lease. Upon completion of any alterations, at Lessor's request Lessee shall promptly provide

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Lessor with (i) evidence of full payment to all laborers and materialmen contributing to the alterations, (ii) to the extent Lessee was required to prepare plans and specifications for such alterations, an architect's certificate certifying the alterations to have been completed in conformity with the plans and specifications, (iii) a certificate of occupancy (if the alterations are of such a nature as would require the issuance of a certificate of occupancy), and (iv) any other documents or information reasonably requested by Lessor. Any addition to or alteration of any of the Properties shall automatically be deemed a part of the Properties and belong to Lessor, and Lessee shall execute and deliver to Lessor such instruments as Lessor may require to evidence the ownership by Lessor of such addition or alteration. Lessee shall execute and file or record, as appropriate, a "Notice of Non-Responsibility," or any equivalent notice permitted under applicable law in the states where the applicable Properties are located.

19. INDEMNIFICATION. Lessee shall indemnify, protect, defend and hold harmless each of the Indemnified Parties from and against any and all Losses (excluding losses for which Lessor has agreed to indemnify, defend and hold Lessee harmless pursuant to Section 22, and Losses suffered by an Indemnified Party arising out of the gross negligence or willful misconduct of such Indemnified Party; provided, however, that the term "gross negligence" shall not include gross negligence imputed as a matter of law to any of the Indemnified Parties solely by reason of the Lessor's interest in any of the Properties or Lessor's failure to act in respect of matters which are or were the obligation of Lessee under this Lease) caused by, incurred or resulting from Lessee's operations of or relating in any manner to any of the Properties, whether relating to their original design or construction, latent defects, alteration, maintenance, use by Lessee or any person thereon, supervision or otherwise, or from any breach of, default under, or failure to perform, any term or provision of this Lease by Lessee, its officers, employees, agents or other persons, or to which any Indemnified Party is subject because of Lessor's or Remainderman's interest in any of the Properties, including, without limitation, Losses arising from (1) any accident, injury to or death of any person or loss of or damage to property occurring in, on or about any of the Properties or portion thereof or on the adjoining sidewalks, curbs, parking areas, streets or ways, (2) any use, non-use or condition in, on or about, or possession, alteration, repair, operation, maintenance or management of, any of the Properties or any portion thereof or on the adjoining sidewalks, curbs, parking areas, streets or ways, (3) any representation or warranty made herein by Lessee or in any certificate delivered in connection with this Lease being false or misleading in any material respect as of the date of such representation or warranty was made, (4) performance of any labor or services or the furnishing of any materials or other property in respect to any of the Properties or any portion thereof, (5) any taxes, assessments or other charges which Lessee is required to pay under Section 10, (6) any lien, encumbrance or claim arising on or against any of the Properties or any portion thereof under any Applicable Regulation or otherwise which Lessee is obligated hereunder to remove and discharge, or the failure to comply with any Applicable Regulation, (7) the claims of any invitees, patrons, licensees or subtenants

of all or any portion of any of the Properties or any Person acting through or under Lessee or otherwise acting under or as a consequence of this Lease or any sublease, (8) any act or omission of Lessee or its agents, contractors, licensees, subtenants or invitees pertaining to this Lease, (9) any contest referred to in Section 10, and (10) the sale of liquor, beer or wine on any of the Properties. It is expressly understood and agreed that Lessee's obligations under this Section shall survive the expiration or earlier termination of this Lease for any reason.

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20. QUIET ENJOYMENT. So long as Lessee shall pay the rental and other sums herein provided and no Event of Default shall have occurred and be continuing, Lessee shall have, subject and subordinate to Lessor's rights herein, the right to the peaceful and quiet occupancy of the Properties. Notwithstanding the foregoing, however, in no event shall Lessee be entitled to bring any action against Lessor to enforce its rights under this Lease if an Event of Default shall have occurred and be continuing.

21. CONDEMNATION OR DESTRUCTION.

A. NOTICE OF TAKING OR CASUALTY. In the event of a taking of all or any part of any of the Properties for any public or quasi-public purpose by any lawful power or authority by exercise of the right of condemnation or eminent domain or by agreement between Lessor, Lessee and those authorized to exercise such right ("Taking") or the commencement of any proceedings or negotiations which might result in a Taking or any damage to or destruction of any of the Properties or any part thereof as a result of a fire or other casualty (a "Casualty"), Lessee will promptly give written notice thereof to Lessor, generally describing the nature and extent of such Taking, proceedings, negotiations or Casualty and including copies of any documents or notices received in connection therewith. Thereafter, Lessee shall promptly send Lessor copies of all correspondence and pleadings relating to any such Taking, proceedings, negotiations or Casualty.

B. ASSIGNMENT OF AWARDS, INSURANCE PROCEEDS AND PAYMENTS. Except as set forth below, in the event of (i) a Material Taking or (ii) a Material Casualty, Lessor shall be entitled to receive the entire award, insurance proceeds or payment in connection therewith without deduction for any estate vested in Lessee by this Lease. Lessee hereby expressly assigns to Lessor all of its right, title and interest in and to every such award, insurance proceeds or payment and agrees that Lessee shall not be entitled to any award, insurance proceeds or payment for the value of Lessee's leasehold interest in this Lease. With respect to a Material Taking, Lessee shall be entitled to claim and receive any award or payment from the condemning authority expressly granted for the taking of Personalty, the interruption of its business and moving expenses, but only if such claim or award does not adversely affect or interfere with the prosecution of Lessor's claim for the Material Taking or otherwise reduce the amount recoverable by Lessor for the Material Taking. With respect to a Material Casualty, Lessee shall be entitled to claim and receive any insurance proceeds with respect to the Personalty, the interruption of its business and moving expenses, but only if such claim or proceeds does not adversely affect or interfere with the prosecution of Lessor's claim for the Material Casualty or otherwise reduce the amount recoverable by Lessor for the Material Casualty.

C. MATERIAL CASUALTY. Within 60 days of a Material Casualty at any Property, Lessee shall have the option, but not the obligation, to either:

(i) deliver a rejectable offer to Lessor (a "Casualty Substitution Offer") to substitute a Substitute Property for the affected Property pursuant to the terms and conditions of Section 55 of this Lease; or

(ii) make a payment (a "Casualty Termination Payment") to Lessor to terminate this Lease with respect to the affected Property in an amount equal to the sum

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of (x) the Applicable Percentage for the affected Property multiplied by the aggregate Base Annual Rental and Additional Rental for the remaining Initial Term, and (y) the Prepayment Charge corresponding to the affected Property. All Casualty Termination Payments shall be made on a regularly scheduled Base Monthly Rental payment date upon no less than 30 days prior written notice from Lessee to Lessor.

Lessor shall have 120 days from the delivery of a Casualty Substitution Offer satisfying the requirements of Section 55 to accept or reject that offer in its sole discretion. Lessor's failure to deliver notice of acceptance or rejection of the offer within such time period shall be deemed to constitute Lessor's acceptance of that Casualty Substitution Offer. If the Mortgage corresponding to the affected Property is still outstanding, any rejection of the Casualty Substitution Offer by Lessor shall not be effective unless it is consented to in writing by Lender and such written consent is delivered to Lessee within that 120-day period (Lender shall be deemed to have objected to Lessor's rejection of such Casualty Substitution Offer if Lender does not consent to or object to Lessor's rejection of such Casualty Substitution Offer within such 120-day period).

D. ACCEPTANCE OR REJECTION OF CASUALTY OFFER. If Lessor accepts the Casualty Substitution Offer or is deemed to have accepted the Casualty Substitution Offer or if any rejection of the Casualty Substitution Offer by Lessor is not consented to in writing by Lender as provided in this Section 21, then, within 180 days of that Material Casualty, Lessee shall complete the substitution, subject, however, to the satisfaction of each of the applicable terms and conditions set forth in this Section 21 and Section 55. Upon such substitution (i) Lessee shall be entitled to claim and receive the net award resulting from the Material Casualty, after payment of all costs and expenses incurred by Lessor and Lender in connection with that Material Casualty, and (ii) all obligations of either party under this Lease and otherwise with respect to the Property being replaced shall cease as of the closing of the substitution; provided, however, Lessee's obligations to the Indemnified Parties under any indemnification provisions of this Lease with respect to the affected Property (including, without limitation, Sections 16 and 19) and Lessee's obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to the affected Property prior to the closing of the substitution shall survive the termination of this Lease with respect to that Property. This Lease shall, however, continue in full force and effect with respect to all other Properties.

If Lessor rejects the Casualty Substitution Offer and, as long as the Mortgage corresponding to the Property subject to the Casualty Substitution Offer is still outstanding, such rejection is consented to by Lender as provided in Section 21, or if the Material Casualty shall occur after the commencement of any extension options exercised pursuant to Section 27, then (i) the net award resulting from that Material Casualty shall be paid to and belong to Lessor, (ii) on the next scheduled Base Monthly Rental payment date, Lessee shall pay to Lessor all Base Annual Rental, Additional Rental and other sums and obligations then due and payable under this Lease, (iii) the Base Annual Rental then in effect shall be reduced by an amount equal to the product of the Applicable Percentage for the affected Property and the Base Annual Rental then in effect, (iv) Lessee shall pay Lessor an amount equal to the insurance deductible applicable to that Material Casualty, as applicable, and (v) provided Lessee shall have paid Lessor all sums described in the preceding subitems (ii) and (iv), all obligations of either party with respect to that Property shall cease as of the next scheduled Base Monthly Rental payment date, provided,

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however, Lessee's obligations to Lessor with respect to the affected Property under any indemnification provisions of this Lease with respect to that Property (including, without limitation, Sections 16 and 19) and Lessee's obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to the affected Property prior to such termination shall survive the termination of this Lease. This Lease shall, however, continue in full force and effect with respect to all other Properties.

E. CASUALTY TERMINATION PAYMENT. If Lessee makes a Casualty Termination Payment within 60 days of a Material Casualty, (1) Lessor shall be entitled to receive the net award resulting from such Material Casualty, (2) on the next scheduled Base Monthly Rental payment date, Lessee shall pay to Lessor all Base Annual Rental, Additional Rental and other sums and obligations then due and payable under this Lease, (3) the Base Annual Rental then in effect shall be reduced by an amount equal to the product of the Applicable Percentage for the affected Property and the Base Annual Rental then in effect, (4) Lessee shall pay Lessor an amount equal to the insurance deductible applicable to such Material Casualty, as applicable, and (5) provided Lessee shall have paid Lessor all sums described in the preceding subitems (2) and (4), all obligations of either party under this Lease and otherwise with respect to the affected Property shall cease as of the next scheduled Base Monthly Rental payment date, provided, however, Lessee's

obligations to Lessor with respect to the affected Property under any indemnification provisions of this Lease with respect to the affected Property (including, without limitation, Sections 16 and 19) and Lessee's obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to the affected Property prior to such termination shall survive the termination of this Lease. This Lease shall, however, continue in full force and effect with respect to all other Properties.

F. LEASE CONTINUATION. Upon the occurrence of any Casualty or Taking, Lessee shall take all steps necessary to ensure that the affected Property is secure and does not pose any threat or risk of harm to third parties, adjoining property owners or occupants. If such Casualty or Taking is not a Material Casualty or Material Taking, or if such Casualty or Taking is a Material Casualty or Material Taking, as applicable, but Lessee does not elect to make a Casualty Substitution Offer or Casualty Termination Payment or Condemnation Substitution Offer or Condemnation Termination Payment, as applicable, in connection with such Material Casualty or Material Taking, then, in any such event, (A) this Lease shall remain in full force and effect, (B) all Base Annual Rental, Additional Rental and other sums and obligations due under this Lease shall continue unabated, and (C) Lessee shall promptly commence and diligently prosecute restoration of the affected Property to the same condition, as nearly as practicable, as the condition of such affected Property prior to the occurrence of such Casualty or Taking, as applicable, in compliance with all Applicable Regulations and the terms and conditions of this Lease, including, without limitation, the terms and conditions of Section 18 hereof. Unless Lessee shall elect to make a Casualty Substitution Offer, Casualty Termination Payment, Condemnation Substitution Offer or Condemnation Termination Payment, as applicable, following the occurrence of a Material Casualty or Material Taking, respectively, then, subject to such reasonable conditions for disbursement as may be imposed by Lessor, Lessor shall, upon the occurrence of any Casualty or Condemnation, promptly make available to Lessee in installments as restoration progresses an amount up to, but not exceeding, the amount of any insurance proceeds, award, compensation or damages actually received by Lessor (after deducting all costs, fees and expenses incident to the collection thereof (the "Material

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Restoration Amount"), upon request of Lessee accompanied by evidence reasonably satisfactory to Lessor that such amount has been paid or is due and payable and is properly a part of such costs and that Lessee has complied with the terms of Section 18 above in connection with the restoration. Prior to the disbursement of any portion of the Material Restoration Amount, Lessee shall provide evidence reasonably satisfactory to Lessor of the payment of restoration expenses by Lessee up to the amount of the insurance deductible applicable to such Material Casualty or Material Taking. Lessor shall be entitled to keep any portion of the Material Restoration Amount which may be in excess of the cost of restoration, and Lessee shall bear all additional costs, fees and expenses of such restoration in excess of the Material Restoration Amount.

G. MATERIAL TAKING. Within 30 days of a Material Taking affecting any Property, Lessee shall either:

(i) deliver a rejectable offer to Lessor (a "Condemnation Substitution Offer") to substitute a Substitute Property for the affected Property pursuant to the terms and conditions of Section 55 of this Lease; or

(ii) make a payment (a "Condemnation Termination Payment") to Lessor to terminate this Lease with respect to the affected Property in an amount equal to the Applicable Percentage for that Property multiplied by the aggregate Base Annual Rental and Additional Rental for the remaining Initial Term. All Condemnation Termination Payments shall be made on a regularly scheduled Base Monthly Rental payment date upon no less than 30 days prior written notice from Lessee to Lessor.

Lessor shall have 120 days from the delivery of a Condemnation Substitution Offer satisfying the requirements of Section 55 to accept or reject that offer in its sole discretion. Lessor's failure to deliver notice of acceptance or rejection of that offer within such time period shall be deemed to constitute Lessor's acceptance of the Condemnation Substitution Offer. If the Mortgage corresponding to the affected Property is still outstanding, any rejection of the Condemnation Substitution Offer by Lessor shall not be effective unless it is consented to in writing by Lender and such written consent is delivered to Lessee within that 120-day period

(Lender shall be deemed to have objected to Lessor's rejection of such Condemnation Substitution Offer if Lender does not consent to or object to Lessor's rejection of such Condemnation Substitution Offer within such 120-day period).

H. ACCEPTANCE OR REJECTION OF CONDEMNATION OFFER. If Lessor accepts the Condemnation Substitution Offer or is deemed to have accepted the Condemnation Substitution Offer or if any rejection of the Condemnation Substitution Offer by Lessor is not consented to in writing by Lender, then, within 180 days of that Material Condemnation, Lessee shall complete the substitution, subject, however, to the satisfaction of each of the applicable terms and conditions set forth in this Section 21 and Section 55. Upon such substitution (i) Lessee shall be entitled to claim and receive the net award resulting from the Material Taking, after payment of all costs and expenses incurred by Lessor and Lender in connection with such Material Taking, and (ii) all obligations of either party under this Lease and otherwise with respect to the Property being replaced shall cease as of the closing of the substitution; provided, however, Lessee's obligations to the Indemnified Parties under any indemnification provisions of this Lease with respect to the affected Property (including, without limitation, Sections 16 and 19) and Lessee's

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obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to the affected Property prior to the closing of the substitution shall survive the termination of this Lease with respect to the affected Property. This Lease shall, however, continue in full force and effect with respect to all other Properties.

If Lessor rejects the Condemnation Substitution Offer and, as long as the Mortgage corresponding to the Property subject to the Condemnation Substitution Offer is still outstanding, such rejection is consented to by Lender as provided in Section 21 or if the Material Taking shall occur after the commencement of any extension options exercised pursuant to Section 27, then (i) the net award resulting from that Material Taking shall be paid to and belong to Lessor, (ii) on the next scheduled Base Monthly Rental payment date, Lessee shall pay to Lessor all Base Annual Rental, Additional Rental and other sums and obligations then due and payable under this Lease, (iii) the Base Annual Rental then in effect shall be reduced by an amount equal to the product of the Applicable Percentage for the affected Property and the Base Annual Rental then in effect, and (iv) provided Lessee shall have paid Lessor all sums described in the preceding subitem (ii), all obligations of either party hereunder with respect to the affected Property shall cease as of the next scheduled Base Monthly Rental payment date, provided, however, Lessee's obligations to Lessor with respect to the affected Property under any indemnification provisions of this Lease with respect to the affected Property (including, without limitation, Sections 16 and 19) and Lessee's obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to the affected Property prior to such termination shall survive the termination of this Lease. This Lease shall, however, continue in full force and effect with respect to all other Properties.

I. TAKING TERMINATION PAYMENT. In the event Lessee makes a Condemnation Termination Payment within 30 days of a Material Taking, (1) Lessor shall be entitled to receive the net award resulting from such Material Taking, (2) on the next scheduled Base Monthly Rental payment date, Lessee shall pay to Lessor all Base Annual Rental, Additional Rental and other sums and obligations then due and payable under this Lease, (3) the Base Annual Rental then in effect shall be reduced by an amount equal to the product of the Applicable Percentage for the affected Property and the Base Annual Rental then in effect, and (4) provided Lessee shall have paid Lessor all sums described in the preceding subitem (2), all obligations of either party hereunder with respect to the affected Property shall cease as of the next scheduled Base Monthly Rental payment date; provided, however, Lessee's obligations to Lessor with respect to the affected Property under any indemnification provisions of this Lease with respect to the affected Property (including, without limitation, Sections 16 and 19) and Lessee's obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to the affected Property prior to such termination shall survive the termination of this Lease. This Lease shall, however, continue in full force and effect with respect to all other Properties.

J. TEMPORARY TAKING. In the event of a Taking of all or any part of any of the Properties for a temporary use ("Temporary Taking"), this Lease shall remain in full force and effect without any reduction of Base Annual Rental, Additional Rental or any other sum payable hereunder. Except

as provided below, Lessee shall be entitled to the entire award for a Temporary Taking, whether paid by damages, rent or otherwise, unless the period of occupation and use by the condemning authorities shall extend beyond the date of expiration of this Lease, in which case the award made for such Taking shall be apportioned between Lessor and Lessee

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as of the date of such expiration. At the termination of any such Temporary Taking, Lessee will, at its own cost and expense and pursuant to the terms of Section 18 above, promptly commence and complete the restoration of the Property affected by the Temporary Taking; provided, however, Lessee shall not be required to restore the affected Property if the Lease Term shall expire prior to, or within one year after, the date of termination of the Temporary Taking, and in that event Lessor shall be entitled to recover the entire award relating to the Temporary Taking.

K. PARTIAL TAKING OR PARTIAL CASUALTY. In the event of a Taking which is not a Material Taking or a Temporary Taking ("Partial Taking") or of a Casualty which is not a Material Casualty (a "Partial Casualty"), all awards, compensation or damages shall be paid to Lessor, and Lessor shall have the option to (i) terminate this Lease with respect to the Property affected, provided that Lessor shall have obtained Lender's prior written consent, by notifying Lessee within 60 days after Lessee gives Lessor notice of the Partial Taking or Partial Casualty, or (ii) continue this Lease in effect, which election may be evidenced by either a written notice from Lessor to Lessee or Lessor's failure to notify Lessee in writing that Lessor has elected to terminate this Lease with respect to the affected Property within such 60-day period.

Lessee shall have a period of 60 days after Lessor's notice that it has elected to terminate this Lease with respect to the affected Property during which to elect to continue this Lease with respect to the affected Property on the terms herein provided. If Lessor elects to terminate this Lease with respect to the affected Property and Lessee does not elect to continue this Lease with respect to the affected Property or shall fail during its 60-day period to notify Lessor of Lessee's intent to continue this Lease with respect to that Property, then this Lease shall terminate with respect to the affected Property as of the last day of the month during which Lessee's 60-day period expired. Lessee shall then immediately vacate and surrender the affected Property, all obligations of either party under this Lease or otherwise with respect to that Property shall cease as of the date of termination (provided, however, Lessee's obligations to the Indemnified Parties under any indemnification provisions of this Lease with respect to the affected Property (including, without limitation, Sections 16 and 19) and Lessee's obligations to pay Base Annual Rental, Additional Rental and all other sums (whether payable to Lessor or a third party) accruing under this Lease with respect to the affected Property prior to the date of termination shall survive such termination) and Lessor may retain all such awards, compensation or damages. The Lease shall continue in full force and effect with respect to all other Properties.

If Lessor elects not to terminate this Lease with respect to the affected Property, or if Lessor elects to terminate this Lease with respect to the affected Property but Lessee elects to continue this Lease with respect to the affected Property, then this Lease shall continue in full force and effect on the following terms: (i) all Base Annual Rental, Additional Rental and other sums and obligations due under this Lease shall continue unabated, and (ii) Lessee shall promptly commence and diligently prosecute restoration of the affected Property to the same condition, as nearly as practicable, as prior to such Partial Taking or Partial Casualty as reasonably approved by Lessor. In that case, Lessor shall promptly make available in installments as restoration progresses an amount up to but not exceeding the amount of any award, compensation or damages received by Lessor after deducting all costs, fees and expenses incident to the collection thereof (the "Net Restoration Amount"), upon request of Lessee accompanied by evidence reasonably satisfactory to Lessor that such amount has been paid or is due and payable and is properly a part of such costs and that Lessee has complied with the terms

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of Section 18 above in connection with the restoration. Lessor shall be entitled to keep any portion of the Net Restoration Amount which may be in excess of the cost of restoration, and Lessee shall bear all additional costs, fees and expenses of such restoration in excess of the Net Restoration Amount. If this Lease is terminated with respect to any Property as a result

of a Partial Casualty, simultaneously with such termination Lessee shall pay Lessor an amount equal to the insurance deductible applicable to such Partial Casualty.

L. ADJUSTMENT OF LOSSES. Any loss under any property damage insurance required to be maintained by Lessee shall be adjusted by Lessor and Lessee. Any award relating to a Taking shall be adjusted by Lessor or, at Lessor's election, Lessee. Notwithstanding the foregoing or any other provisions of this Section 21 to the contrary, if at the time of any Taking or any Casualty or at any time thereafter an Event of Default shall have occurred and be continuing, Lessor is hereby authorized and empowered but shall not be obligated, in the name and on behalf of Lessee and otherwise, to file and prosecute Lessee's claim, if any, for an award on account of such Taking or for insurance proceeds on account of such Casualty and to collect such award or proceeds and apply the same, after deducting all costs, fees and expenses incident to the collection thereof, to the curing of such default and any other then existing default under this Lease and/or to the payment of any amounts owed by Lessee to Lessor under this Lease, in such order, priority and proportions as Lessor in its discretion shall deem proper.

M. PAYMENT OF COSTS AND EXPENSES. Lessee shall be solely responsible for the payment of all costs and expenses incurred in connection with the conveyance of a Property to Lessee pursuant to this Section 21, including, without limitation, to the extent applicable, the cost of title insurance, survey charges, stamp taxes, mortgage taxes, transfer fees, escrow and recording fees, taxes imposed on Lessor as a result of such conveyance, taxes imposed in connection with the transfer of a Property to Lessee or the termination of this Lease with respect to a Property pursuant to the provisions of this Section 21, Lessee's attorneys' fees and the reasonable attorneys' fees and expenses of counsel to Lessor and Lender.

N. NO LIMITATION. Notwithstanding the foregoing, nothing in this Section 21 shall be construed as limiting or otherwise adversely affecting the representations, warranties, covenants and characterizations set forth in Lease, including, without limitation, those provisions set forth in Section 3 of this Lease.

22. INSPECTION. Lessor and its authorized representatives shall have the right, upon giving not less than five Business Days' prior written notice to Lessee (except that in the event of an emergency no such prior notice shall be required), to enter any of the Properties or any part thereof at reasonable times and inspect the same and make photographic or other evidence concerning Lessee's compliance with the terms of this Lease. Lessee hereby waives any claim for damages for any injury or inconvenience to or interference with Lessee's business, any loss of occupancy or quiet enjoyment of any of the Properties and any other loss occasioned by such entry so long as Lessor shall have used reasonable efforts not to unreasonably interrupt Lessee's normal business operations. Lessor hereby covenants and agrees to indemnify, defend and hold Lessee harmless from and against any and all losses, liabilities, damages, costs, expenses, suits, judgments and claims arising from injury or damage during the Lease Term to person or property caused by the act or acts, omissions or commissions of Lessor or any of its authorized representatives with respect to, or growing out of, any actions of Lessor pursuant to this Section

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22 (except to the extent of Lessee's gross negligence or willful misconduct; provided, however, that the term "gross negligence" shall not include gross negligence imputed as a matter of law to Lessor solely by reason of the Lessor's interest in any of the Properties or Lessor's failure to act in respect of matters which are or were the obligation of Lessee under this Lease). Lessee shall keep and maintain at the Properties or Lessee's corporate headquarters full, complete and appropriate books of account and records of Lessee's business relating to the Properties. Lessee's books and records shall be open at all reasonable times during regular business hours for inspection by Lessor, Lender and their respective auditors or other authorized representatives and shall show such information as is reasonably necessary to determine compliance with Lessee's obligations under this Lease.

23. DEFAULT, REMEDIES AND MEASURE OF DAMAGES. A. Each of the following shall be an event of default under this Lease (each, an "Event of Default"):

(i) If any representation or warranty of Lessee set forth in this Lease is false in any respect as of the Effective Date, or if Lessee knowingly renders any statement or account which is false as and when made in any manner which could reasonably be

expected to result in damages to Lessor;

(ii) If any rent or other monetary sum due under this Lease is not paid within 5 Business Days from the date when due; provided, however, notwithstanding the occurrence of such an Event of Default, Lessor shall not be entitled to exercise its remedies set forth below unless and until Lessor shall have given Lessee written notice thereof and a period of 5 Business Days from the delivery of such written notice shall have elapsed without such Event of Default being cured;

(iii) If Lessee fails to pay, prior to delinquency, any taxes, assessments or other charges, the failure of which to pay will result in the imposition of a lien against any of the Properties or the rental or other payments due under this Lease or a claim against Lessor, unless Lessee is contesting such taxes, assessments or other charges in accordance with the provisions of Section 10 of this Lease; provided, however, notwithstanding the occurrence of such an Event of Default, Lessor shall not be entitled to exercise its remedies set forth below unless and until Lessor shall have given Lessee written notice thereof and a period of 5 Business Days from the delivery of such written notice shall have elapsed without such Event of Default being cured;

(iv) If Lessee or Guarantor becomes insolvent within the meaning of the Code, files or notifies Lessor that it intends to file a petition under the Code, initiates a proceeding under any similar law or statute relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts (collectively, hereinafter, an "Action"), becomes the subject of either a petition under the Code or an Action which is not dissolved within 90 days after filing, or is not generally paying its undisputed debts as the same become due;

(v) If Lessee vacates or abandons any of the Properties other than in accordance with the provisions of Section 15 of this Lease;

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(vi) If Lessee fails to observe or perform any of the other covenants (except with respect to a breach of the Aggregate Fixed Charge Coverage Ratio, which breach is addressed in subitem (ix) below), conditions or obligations of this Lease; provided, however, if any such failure does not involve the payment of any monetary sum, is not willful or intentional, does not place any rights or property of Lessor in immediate jeopardy, and is within the reasonable power of Lessee to promptly cure after receipt of written notice thereof, then such failure shall not constitute an Event of Default hereunder, except as otherwise expressly provided herein, unless and until Lessor shall have given Lessee written notice thereof and a period of 30 days shall have elapsed, during which period Lessee may correct or cure such failure, and upon Lessee's failure to complete such correction or cure, an Event of Default shall be deemed to have occurred hereunder without further written notice or demand of any kind being required. If such failure cannot reasonably be corrected or cured within such 30-day period, and Lessee is diligently pursuing a correction or cure of such failure, then Lessee shall have a reasonable period to correct or cure such failure beyond such 30-day period, which shall in no event exceed 90 days after receiving written notice of such failure from Lessor. If Lessee shall fail to correct or cure such failure within such 90-day period, an Event of Default shall be deemed to have occurred hereunder without further written notice or demand of any kind being required;

(vii) If there is an "Event of Default" or a breach or default, after the passage of all applicable notice and cure or grace periods, under any other Sale-Leaseback Document, including, without limitation, the Guaranty;

(viii) If a final, nonappealable judgment is rendered by a court against Lessee in an amount of \$25,000,000.00 or more (which is not covered by insurance) individually or in the aggregate or which prevents the operation of any of the Properties as a Permitted Facility, and in either event is not discharged (or provision made for such discharge by settlement or otherwise; provided, however, any such settlement must not prevent the operation of any of the Properties as a Permitted Facility and Lessee's failure to perform the terms of such settlement must not prevent the operation of any

of the Properties as a Permitted Facility) or bonded over within 60 days from the date of entry thereof;

(ix) If there is a breach of the Aggregate Fixed Charge Coverage Ratio requirement and Lessor shall have given Lessee written notice thereof; provided, however, Lessee shall have the option, but not the obligation, to cure such breach by completing either of the following within a period of 30 days from the delivery of such written notice:

(1) prepay Aggregate Base Monthly Rental in an amount (the "Prepayment Amount") equal to the product of (x) the Aggregate Purchase Price multiplied by (y) a fraction, the numerator of which is the Rent Adjustment Amount and the denominator is the Aggregate Base Annual Rental then in effect. In the event that Lessee shall elect to prepay the Aggregate Base Monthly Rental in an amount equal to the Prepayment Amount, then the Aggregate Base Monthly Rental commencing on the next scheduled payment date following such prepayment shall be reduced in an amount equal to the Rent Adjustment Amount divided by 12, which reduction shall be allocated toward the Base Annual Rental

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and the Related Base Annual Rental based on the ratio of the Purchase Price or Related Purchase Price, as applicable, to the Aggregate Purchase Price; or

(2) deliver to Lessor a letter of credit in favor of Lessor (or, at Lessor's written direction, in favor of, or as designated by, Lender) in the form attached to this Lease as Exhibit C issued by an Approved Institution (the "Letter of Credit") in an amount equal to the lesser of (x) the Prepayment Amount and (y) an amount equal to the product of (aa) the Rent Adjustment Amount divided by 12 and (bb) the number of months remaining in the Initial Term (excluding any free rent period); provided, however, Lessee may not provide a Letter of Credit to cure a breach of the Aggregate Fixed Charge Coverage Ratio requirement if the aggregate amount of all Letters of Credit delivered to Lessor exceeds the Aggregate Base Annual Rental. Such Letter of Credit shall be maintained in effect until the cure of the breach of the Aggregate Fixed Charge Coverage Ratio which was the basis for the Letter of Credit being provided. If (x) an Event of Default shall have occurred and be continuing, Lessor shall have the right to present such Letter of Credit for payment and apply such proceeds toward the Aggregate Base Annual Rental then due and payable under this Lease, and (y) if a substitute or replacement Letter of Credit issued by an Approved Institution for such Letter of Credit in the amount of such Letter of Credit is not provided to Lessor at least 30 days prior to the scheduled expiration date of such Letter of Credit, Lessor shall have the right to present such Letter of Credit for payment at any time within such 30 day period and the proceeds of such Letter of Credit shall be held by Lessor as security for the payment of the Aggregate Base Annual Rental due and payable under this Lease and the Related Lease. The Letter of Credit shall provide that Lessor can only present the Letter of Credit for payment as contemplated by the preceding subitems (x) and (y) and the corresponding subitems of Section 23.A(ix)(2) of the Related Lease. Upon Lessee's cure of the Aggregate Fixed Charge Coverage Ratio breach which was the basis for such Letter of Credit being provided, Lessor shall release the Letter of Credit to the Approved Institution or, if Lessor is holding the proceeds of such Letter of Credit, deliver such proceeds to Lessee. To the extent the proceeds of such Letter of Credit are applied toward the Aggregate Base Annual Rental as contemplated in this subitem (2), such proceeds shall be allocated toward the Base Annual Rental and the Related Base Annual Rental based on the ratio of the Purchase Price or Related Purchase Price, as applicable, to the Aggregate Purchase Price.

At Lessor's written direction, Lessee agrees to cause the Approved Institution to issue two Letters of Credit in favor of, or as designated by, Lender instead of

a single Letter of Credit as contemplated by the preceding paragraph provided that the aggregate amount of the two Letters of Credit does not exceed the amount of the single Letter of Credit. Subsequent to the issuance of such Letters of Credit, all references in this subitem (2) to a Letter of Credit shall mean both Letters of Credit.

Notwithstanding the foregoing, if, within a 30 day period after the delivery of Lessor's written notice to Lessee of Lessee's breach of the Aggregate Fixed Charge Coverage Ratio requirement, Lessee provides evidence satisfactory to Lessor that the

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Aggregate Fixed Charge Coverage Ratio is at least 1.25:1 for the twelve calendar month period immediately preceding the delivery to Lessor of such evidence, no Event of Default shall be deemed to have occurred as a result of such breach of the Aggregate Fixed Charge Coverage Ratio requirement.

(x) If Lessee shall fail to sign any instrument or certificate in accordance with the provisions of Sections 24 or 25 of this Lease and such failure shall not be cured within 5 Business Days following written notice from Lessor.

(xi) If Lessee shall fail to maintain insurance in accordance with the requirements of Section 12 and such failure continues for 5 Business days following written notice from Lessor.

B. Upon the occurrence of an Event of Default, with or without notice or demand, except the notice prior to default required under certain circumstances by Section 23.A or such other notice as may be required by statute and cannot be waived by Lessee (all other notices being hereby waived), Lessor shall be entitled to exercise, at its option, concurrently, successively, or in any combination, all remedies available at law or in equity, including without limitation, any one or more of the following:

(i) To terminate this Lease, whereupon Lessee's right to possession of the Properties shall cease and this Lease, except as to Lessee's liability, shall be terminated.

(ii) To reenter and take possession of any or all of the Properties and, to the extent permissible, all licenses, permits and other rights or privileges of Lessee pertaining to the use and operation of any or all of the Properties and to expel Lessee and those claiming under or through Lessee, without being deemed guilty in any manner of trespass or becoming liable for any loss or damage resulting therefrom, without resort to legal or judicial process, procedure or action. No notice from Lessor hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Lessor to terminate this Lease unless such notice specifically so states. If Lessee shall, after default, voluntarily give up possession of any of the Properties to Lessor, deliver to Lessor or its agents the keys to any of the Properties, or both, such actions shall be deemed to be in compliance with Lessor's rights and the acceptance thereof by Lessor or its agents shall not be deemed to constitute a termination of this Lease. Lessor reserves the right following any reentry and/or reletting to exercise its right to terminate this Lease by giving Lessee written notice thereof, in which event this Lease will terminate as specified in said notice.

(iii) If Lessee has not removed the Personalty within 20 Business Days after written notice from Lessor to Lessee and repaired all damage to the Properties caused by such removal, Lessor shall have the immediate right to seize all Personalty located on or at any or all of the Properties and cause the same to be stored in a public warehouse or elsewhere at Lessee's sole expense, without becoming liable for any loss or damage resulting therefrom and without resorting to legal or judicial process, procedure or action.

(iv) To bring an action against Lessee for any damages sustained by Lessor.

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(v) To relet any or all of the Properties or any part thereof for such term or terms (including a term which extends beyond

the original Lease Term), at such rentals and upon such other terms as Lessor, in its sole discretion, may determine, with all proceeds received from such reletting being applied to the rental and other sums due from Lessee in such order as Lessor may, in its sole discretion, determine, which other sums include, without limitation, all repossession costs, brokerage commissions, reasonable attorneys' fees and expenses, employee expenses, alteration, remodeling and repair costs and expenses of preparing for such reletting. Except to the extent required by applicable law, Lessor shall have no obligation to relet any of the Properties or any part thereof and shall in no event be liable for refusal or failure to relet any of the Properties or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon such reletting, and no such refusal or failure shall operate to relieve Lessee of any liability under this Lease or otherwise to affect any such liability. Lessor reserves the right following any reentry and/or reletting to exercise its right to terminate this Lease by giving Lessee written notice thereof, in which event this Lease will terminate as specified in said notice.

(vi) (x) To recover from Lessee all rent and other monetary sums then due and owing under this Lease; and (y) to accelerate and recover from Lessee the present value (discounted at the rate of 6% per annum) of all rent and other monetary sums scheduled to become due and owing under this Lease after the date of such breach for the entire original scheduled Lease Term; provided, however, in no event shall such recovery be less than the sum of (i) the product of the percentage specified on Schedule III attached hereto which corresponds to the month in which such Event of Default first occurred multiplied by the sum of Lessor's Total Investment for all of the Properties which are then subject to this Lease plus (ii) the sum of the Prepayment Charges corresponding to all of the Properties which are then subject to this Lease.

(vii) To recover from Lessee all reasonable costs and expenses, including reasonable attorneys' fees, court costs, expert witness fees, costs of tests and analyses, travel and accommodation expenses, deposition and trial transcripts, copies and other similar costs and fees, paid or incurred by Lessor as a result of such breach, regardless of whether or not legal proceedings are actually commenced.

(viii) To immediately or at any time thereafter, and with or without notice, at Lessor's sole option but without any obligation to do so, correct such breach or default and charge Lessee all costs and expenses incurred by Lessor therein. Any sum or sums so paid by Lessor, together with interest at the Default Rate, shall be deemed to be Additional Rental hereunder and shall be immediately due from Lessee to Lessor. Any such acts by Lessor in correcting Lessee's breaches or defaults hereunder shall not be deemed to cure said breaches or defaults or constitute any waiver of Lessor's right to exercise any or all remedies set forth herein.

(ix) To immediately or at any time thereafter, and with or without notice, except as required herein, set off any money of Lessee held by Lessor under this Lease against any sum owing by Lessee or Guarantor hereunder.

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(x) To seek any equitable relief available to Lessor, including, without limitation, the right of specific performance.

All powers and remedies given by this Section 23.B to Lessor, subject to applicable law, shall be cumulative and not exclusive of one another or of any other right or remedy or of any other powers and remedies available to Lessor under this Lease, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements of Lessee contained in this Lease, and no delay or omission of Lessor to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any other or subsequent Event of Default or impair any rights or remedies consequent thereto. Every power and remedy given by this Section 23.B or by law to Lessor may be exercised from time to time, and as often as may be deemed expedient, by Lessor, subject at all times to Lessor's right in its sole judgment to discontinue any work commenced by Lessor or change any course of action undertaken by Lessor.

If Lessee shall fail to observe or perform any of its obligations under this Lease or in the event of an emergency, then, without waiving any

Event of Default which may result from such failure or emergency, Lessor may, but without any obligation to do so, take all actions, including, without limitation, entry upon any or all of the Properties to perform Lessee's obligations, immediately and without notice in the case of an emergency and upon five Business Days' prior written notice to Lessee in all other cases. All expenses incurred by Lessor in connection with performing such obligations, including, without limitation, reasonable attorneys' fees and expenses, together with interest at the Default Rate from the date any such expenses were incurred by Lessor until the date of payment by Lessee, shall constitute Additional Rental and shall be paid by Lessee to Lessor upon demand.

24. LIENS; MORTGAGES, SUBORDINATION, NONDISTURBANCE AND ATTORNMEN. Lessor's interest in this Lease and/or any of the Properties shall not be subordinate to any liens or encumbrances placed upon any of the Properties by or resulting from any act of Lessee, and nothing herein contained shall be construed to require such subordination by Lessor. Lessee shall keep the Properties free from any liens for work performed, materials furnished or obligations incurred by Lessee. NOTICE IS HEREBY GIVEN THAT, EXCEPT AS OTHERWISE CONSENTED TO BY LESSOR PURSUANT TO SECTION 26, LESSEE IS NOT AUTHORIZED TO PLACE OR ALLOW TO BE PLACED ANY LIEN, MORTGAGE, DEED OF TRUST, SECURITY INTEREST OR ENCUMBRANCE OF ANY KIND UPON ALL OR ANY PART OF ANY OF THE PROPERTIES OR LESSEE'S LEASEHOLD INTEREST THEREIN, AND ANY SUCH PURPORTED TRANSACTION WHICH IS NOT APPROVED BY LESSOR SHALL BE VOID. FURTHERMORE, ANY SUCH PURPORTED TRANSACTION SHALL BE DEEMED A TORTIOUS INTERFERENCE WITH LESSOR'S RELATIONSHIP WITH LESSEE AND LESSOR'S OWNERSHIP OF THE PROPERTIES.

This Lease at all times shall automatically be subordinate to the Mortgages and to the lien of any and all mortgages, deeds of trust, deeds to secure debt and trust deeds now or hereafter placed upon any of the Properties by Lessor, and Lessee covenants and agrees to execute and deliver, upon demand, such further instruments subordinating this Lease to the lien of the Mortgages and any or all such mortgages, deeds of trust, deeds to secure debt or trust deeds as shall be desired by Lessor, or any present or proposed mortgagees or lenders under deeds of trust, deeds to secure debt or trust deeds, upon the condition that (a) Lessee shall have the right to

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remain in possession of the Properties under the terms of this Lease, notwithstanding any default in the Mortgages or any or all such mortgages, deeds of trust, deeds to secure debt or trust deeds or after foreclosure of any or all such Mortgages, mortgages, deeds of trust, deeds to secure debt or trust deeds, so long as an Event of Default shall not have occurred and be continuing and (b) the holders of the Mortgages and any and all mortgages, deeds of trust, deeds to secure debt and trust deeds now or hereafter placed upon any of the Properties by Lessor execute an agreement substantially in the form attached to this Lease as Exhibit D, but with such modifications as may be reasonably required consistent with then customary lending practices, in recordable form wherein the holder(s) of said indebtedness agree not to disturb Lessee's possession, deprive Lessee of any rights or increase Lessee's obligations under this Lease ("Non-Disturbance and Attornment Agreement"). The Non-Disturbance and Attornment Agreement shall provide that the mortgagee, beneficiary or trustee named in such mortgage, deed of trust, deed to secure debt or trust deed shall, subject to the terms of this Section 24, recognize this Lease and acknowledge that, so long as an Event of Default shall not have occurred and be continuing, a foreclosure or acceptance of a deed in lieu of foreclosure or the exercise of any other rights under such mortgage, deed of trust, deed to secure debt or trust deed shall not extinguish or otherwise diminish or disturb the rights of Lessee as set forth in this Lease. Lessee acknowledges and agrees that the execution and delivery by Lender of the Acknowledgement satisfies the obligation of Lessor to deliver a Non-Disturbance and Attornment Agreement with respect to the obligations of Lessor to Lender under the Mortgages encumbering the Properties executed as of the date of this Lease.

If any mortgagee, receiver, Lender or other secured party elects to have this Lease and the interest of Lessee hereunder be superior to any of the Mortgages or any such mortgage, deed of trust, deed to secure debt or trust deed and evidences such election by notice given to Lessee, then this Lease and the interest of Lessee hereunder shall be deemed superior to any such Mortgage, mortgage, deed of trust, deed to secure debt or trust deed, whether this Lease was executed before or after such Mortgage, mortgage, deed of trust, deed to secure debt or trust deed and in that event such mortgagee, receiver, Lender or other secured party shall have the same rights with respect to this Lease as if it had been executed and delivered prior to the execution and delivery of such Mortgage, mortgage, deed of trust, deed to secure debt or trust deed and had been assigned to such mortgagee, receiver,

Lender or other secured party.

Although the foregoing provisions shall be self-operative and no future instrument of subordination shall be required, upon request by Lessor, Lessee shall execute and deliver whatever instruments may be reasonably required for such purposes.

Lessee shall send written notice to any Lender of Lessor having a recorded lien upon any of the Properties or any part thereof of which Lessee has been notified in writing of any breach or default by Lessor of any of its obligations under this Lease concurrently with the sending of such notice to Lessor, and Lessee shall give such Lender at least 60 days beyond any notice period to which Lessor might be entitled to cure such default before Lessee may exercise any remedy with respect thereto.

25. ESTOPPEL CERTIFICATE. At any time, but not more often than twice every 12 months, Lessee shall, promptly and in no event later than 10 days after a request from Lessor or Lender, execute, acknowledge and deliver to Lessor or Lender a certificate in the form supplied

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by Lessor, Lender or any present or proposed mortgagee or purchaser designated by Lessor, certifying the following: (i) that Lessee has accepted the Properties (or, if Lessee has not done so, that Lessee has not accepted the Properties, and specifying the reasons therefor); (ii) that this Lease is in full force and effect and has not been modified (or if modified, setting forth all modifications), or, if this Lease is not in full force and effect, the certificate shall so specify the reasons therefor; (iii) the commencement and expiration dates of the Lease Term, including the terms of any extension options of Lessee; (iv) the date to which the rentals have been paid under this Lease and the amount thereof then payable; (v) whether there are then any existing defaults by Lessor in the performance of its obligations under this Lease, and, if there are any such defaults, specifying the nature and extent thereof; (vi) that no notice has been received by Lessee of any default under this Lease which has not been cured, except as to defaults specified in the certificate; (vii) the capacity of the person executing such certificate, and that such person is duly authorized to execute the same on behalf of Lessee; (viii) that neither Lessor nor Lender has actual involvement in the management or control of decision making related to the operational aspects or the day-to-day operations of the Properties; and (ix) any other information reasonably requested by Lessor or Lender consistent with then customary leasing or lending practices.

26. ASSIGNMENT; SUBLETTING. A. Lessor shall have the right to sell or convey all, but not less than all, of the Properties or to assign its right, title and interest as Lessor under this Lease in whole, but not in part. In the event of any such sale or assignment other than a security assignment, provided Lessee receives written notice that such purchaser or assignee has assumed all of Lessor's obligations under this Lease, Lessee shall attorn to such purchaser or assignee and Lessor shall be relieved, from and after the date of such transfer or conveyance, of liability for the performance of any obligation of Lessor contained herein, except for obligations or liabilities accrued prior to such assignment or sale.

B. Lessee acknowledges that Lessor has relied both on the business experience and creditworthiness of Lessee and upon the particular purposes for which Lessee intends to use the Properties in entering into this Lease. Without the prior written consent of Lessor, and except as expressly set forth in this Section 26.B: (i) Lessee shall not assign, transfer, convey, pledge or mortgage this Lease or any interest therein, whether by operation of law or otherwise; (ii) no interest in Lessee shall be assigned, transferred, conveyed, pledged or mortgaged, whether by operation of law or otherwise, including, without limitation, a dissolution of Lessee or a transfer of any of the voting stock of Lessee; and (iii) Lessee shall not sublet all or any part of any of the Properties except as set forth in Section 26.C. It is expressly agreed that Lessor may withhold or condition such consent based upon such matters as Lessor may in its reasonable discretion determine, including, without limitation, the experience and creditworthiness of any assignee, the assumption by any assignee of all of Lessee's obligations hereunder by undertakings enforceable by Lessor, payment to Lessor of any rentals owing under a sublease which are in excess of the rentals owing hereunder, the transfer to any assignee of all necessary licenses and franchises to continue operating the Properties for the purposes herein provided, receipt of such representations and warranties from any assignee as Lessor may reasonably request, including such matters as its organization, existence, good standing and finances and other matters, whether or not similar in kind. At the time of any assignment of this Lease which is approved by Lessor, the assignee shall assume all of the obligations

of Lessee under this Lease pursuant to Lessor's standard form of assumption agreement. No such assignment nor any subletting of any of the Properties shall relieve Lessee of its obligations respecting this Lease. Any assignment, transfer, conveyance, pledge or mortgage in violation of

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this Section 26.B shall be voidable at the sole option of Lessor. Notwithstanding the foregoing, but subject to the conditions set forth in the following sentence, the prior written consent of Lessor shall not be required for the assignment by Lessee of this Lease to an Affiliate of Lessee, or the transfer of the voting stock of Lessee by Guarantor to an Affiliate of Lessee in a single transaction or a series of transactions, provided that in either event such Affiliate is a corporation, partnership or limited liability company whose voting stock, partnership interests or membership interests, as applicable, are owned entirely, directly or indirectly, by Guarantor. Lessee's right to complete an assignment or transfer contemplated by the preceding sentence shall be subject to the satisfaction of the following conditions precedent at the time of the proposed assignment or transfer:

(1) no Event of Default shall have occurred and be continuing;

(2) Lessee shall provide Lessor with written notice of such proposed assignment or transfer at least 30 days prior to the anticipated date of such assignment or transfer;

(3) Lessee, such Affiliate and Guarantor shall execute such documents, take such actions and deliver such opinions of counsel and other evidence of authority as Lessor may reasonably require to evidence the obligations of Lessee and, to the extent applicable, such Affiliate, as lessee, under this Lease and Guarantor under the Guaranty notwithstanding the completion of such assignment or transfer; and

(4) Lessee shall be solely responsible for the payment of all costs and expenses incurred in connection with any such assignment or transfer, including, without limitation, the reasonable attorneys' fees and expenses of Lessor and Lender.

C. Without otherwise limiting any of the terms and conditions of this Section or Section 24 of this Lease, (i) Lessee shall have the right to transfer any of its assets to an Affiliate of Lessee, other than its leasehold interests in the Properties and any other assets used in connection with or related to the operation of the Properties, and (ii) the voting stock, partnership interests or membership interests, as applicable, of such Affiliate may be pledged to a third-party financial institution as security for the performance of obligations due such institution, subject to the satisfaction of the following conditions: (x) no Event of Default shall have occurred and be continuing, (y) such Affiliate is a corporation, partnership or limited liability company whose voting stock, partnership interests or membership interests, as applicable, are owned entirely, directly or indirectly, by Guarantor, and (z) such Affiliate shall have executed and delivered to Lessor an unconditional guaranty of payment and performance with respect to the obligations of Lessee under this Lease, which unconditional guaranty shall be substantially in the form of the Guaranty.

D. Notwithstanding the foregoing, but subject to the conditions set forth in the following sentence, Lessee shall have the right to sublease: (i) any of the Properties to a wholly-owned subsidiary or Affiliate of Lessee, plus (ii) an aggregate of four of the Properties at any time (in addition to the Properties subleased pursuant to the preceding item (i)) without the consent of Lessor or Lender. Lessee's right to sublease the Properties as contemplated by the preceding sentence shall be subject to the following conditions:

(1) no Event of Default shall have occurred and be continuing;

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(2) any such sublease shall be subordinate to this Lease and Lessee shall remain liable under this Lease notwithstanding such sublease; and

(3) the Properties subject to such subleases shall be used as Permitted Facilities and shall otherwise be operated and

maintained in accordance with the terms and conditions of this Lease.

Within 10 Business Days after the execution of each such sublease, Lessee shall provide Lessor with a notice of such sublease and a photocopy of the fully executed sublease.

27. OPTION TO EXTEND; NEW LEASE. A. Lessor and Lessee acknowledge and agree that the Lease Term, including any term extensions provided for in this Lease, is less than 90% of the expected remaining economic life of each of the Properties. Lessee, provided no Event of Default has occurred and is continuing at the time of exercise or at the expiration of the Lease Term or, if applicable, the preceding extension of the Lease Term, shall have the option to continue this Lease in effect for one initial additional period of 10 years and 2 successive periods of 5 years each in accordance with the terms and provisions of this Lease then in effect, except that the Base Annual Rental during each extension period shall be an amount set forth on the attached Exhibit B. Lessor and Lessee agree that the Base Annual Rental during each extension period represents the then fair market rental value of the Properties.

Lessee may only exercise the first extension option by giving notice to Lessor of Lessee's intention to do so not later than July 31, 2019. If the first extension option is exercised by Lessee, Lessee may only exercise the second extension option by giving notice to Lessor of Lessee's intention to do so not later than October 31, 2030. If the first two extension options are exercised, Lessee may only exercise the third extension option by giving notice to Lessor of Lessee's intention to do so not later than October 31, 2035.

B. In addition, provided no Event of Default shall have occurred and be continuing, Lessee shall also have the right, by notice delivered to Lessor not later than July 31, 2019, to enter into a new master lease with Lessor, to commence at the end of the Initial Term, for not less than 13 of the Properties. In the event Lessee elects to enter into such new master lease, the Base Annual Rental under such new master lease shall equal the product of (i) the aggregate Applicable Percentage for the Properties included within such new master lease multiplied by the Purchase Price, and (ii) the "Rent Factor" set forth on the attached Exhibit B. Such new master lease shall be for a 10 year primary term, have two (2) five-year renewal options and otherwise be on the same terms and conditions as this Lease. Lessee shall be solely responsible for the payment of all costs and expenses incurred in connection with the execution of such new master lease, including, without limitation, Lessee's attorneys' fees and reasonable attorneys' fees and expenses of counsel to Lessor and Lender.

28. NOTICES. All notices, consents, approvals or other instruments required or permitted to be given by either party pursuant to this Lease shall be in writing and given by (i) hand delivery, (ii) facsimile, (iii) express overnight delivery service or (iv) certified or registered mail, return receipt requested, and shall be deemed to have been delivered upon (a) receipt, if hand delivered, (b) the next Business Day after transmission, if delivered by facsimile, (c) the next Business Day, if delivered by express overnight delivery service, or (d) the

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fifth Business Day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the parties and addresses (or facsimile numbers, as applicable) specified below:

If to Lessee: Cracker Barrel Old Country Store, Inc.  
305 Hartmann Drive  
P.O. Box 787  
Lebanon, TN 37088-0787  
Attention: Chief Financial Officer  
Telephone: (615) 443-9574  
Facsimile: (615) 443-9818

With a copy to: General Counsel  
Cracker Barrel Old Country Store, Inc.  
305 Hartmann Drive  
P.O. Box 787  
Lebanon, TN 37088-0787  
Telephone: (615) 443-9180  
Facsimile: (615) 443-9818

With a copy to Guarantor: CBRL Group, Inc.  
Attention: General Counsel

305 Hartmann Drive  
P.O. Box 787  
Lebanon, TN 37088-0787  
Telephone: (615) 443-9180  
Facsimile: (615) 443-9818

If to Lessor: Country Stores Property I, LLC  
c/o U.S. Realty Advisors LLC  
1370 Avenue of the Americas  
New York, NY 10019  
Attention: Mr. David M. Ledy  
Telephone: (212) 581-4540  
Facsimile: (212) 581-4950

With a copy to: Proskauer Rose LLP  
1585 Broadway  
New York, NY 10036  
Attention: Kenneth S. Hilton, Esq.  
Telephone: (212) 969-3000  
Facsimile: (212) 969-2900

or to such other address or such other person as either party may from time to time hereafter specify to the other party in a notice delivered in the manner provided above. No such notices, consents, approvals or other communications shall be valid unless Lender receives a duplicate original thereof at the following address:

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Dennis L. Ruben, Esq.  
Executive Vice President, General Counsel  
and Secretary  
FFCA Acquisition Corporation  
17207 North Perimeter Drive  
Scottsdale, AZ 85255  
Telephone: (480) 585-4500  
Telecopy: (480) 585-2226

or to such other address or such other person as Lender may from time to time specify to Lessor and Lessee in a notice delivered in the manner provided above.

29. **HOLDING OVER.** If Lessee remains in possession of any of the Properties after the expiration of the Lease Term, Lessee, at Lessor's option and within Lessor's sole discretion, may be deemed a tenant on a month-to-month basis and shall continue to pay rentals and other sums in the amounts herein provided, except that the Base Monthly Rental shall be automatically doubled, and to comply with all the terms of this Lease; provided, however, nothing herein nor the acceptance of rent by Lessor shall be deemed a consent to such holding over. Lessee shall defend, indemnify, protect and hold the Indemnified Parties harmless from and against any and all Losses resulting from Lessee's failure to surrender possession upon the expiration of the Lease Term, including, without limitation, any claims made by any succeeding lessee. The terms of this Section 29 shall survive the expiration of the Lease Term.

30. **REMOVAL OF PERSONALTY.** At the expiration of the Lease Term, and if Lessee is not then in breach hereof, Lessee may remove all Personalty from the Properties. Lessee shall repair any damage caused by such removal and shall leave the Properties broom clean and in good and working condition and repair inside and out, except for normal wear and tear and any Casualty and any Taking for which the terms of this Lease do not require Lessee to restore. Any property of Lessee left on the Properties on the 10th Business Day following the expiration of the Lease Term shall automatically and immediately become the property of Lessor. At the expiration of the Lease Term, and if Lessee is not then in breach of this Lease, Lessor agrees that Lessee, at Lessee's sole expense, may, within nine Business Days after such expiration, make such modifications and alterations, including removal of all distinctive physical and structural features associated with the trade dress of Cracker Barrel Old Country Store(R) units, Logan's Roadhouse(R) units and Carmine Giardini's Gourmet Market(TM) units, as may be necessary to distinguish the Property so clearly from its former appearance and from other Cracker Barrel Old Country Store(R) units, Logan's Roadhouse(R) units and Carmine Giardini's Gourmet Market(TM), as to prevent any possibility that the public will associate the Property with Cracker Barrel Old Country Store(R) units, Logan's Roadhouse(R) units and Carmine Giardini's Gourmet Market(TM) units, and any confusion created by such association. (Such modifications and alterations shall include, but not be limited to, removing or covering the distinctive decor and color scheme on all walls, counters, fixtures and

furnishings, as well as the exterior of the Property.).

31. FINANCIAL STATEMENTS. (a) Lessee shall provide Lessor with copies of each Quarterly Report on Form 10-Q, Annual Report on Form 10-K and Current Report on Form 8-K of Guarantor, promptly and in any event within 5 Business Days after the filing of such reports (if any) with the United States Securities and Exchange Commission. If Guarantor ceases to be

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required to file such reports, or if for any other reason such reports are not filed, with the United States Securities and Exchange Commission, Lessee shall provide Lessor the following reports: (i) within 60 days after the end of each of the first 3 fiscal quarters of each fiscal year of Guarantor, copies of the unaudited consolidated balance sheets of Guarantor and its consolidated subsidiaries as at the end of the fiscal quarter of Guarantor and the related unaudited statements of earnings and cash flows, in each case for the fiscal quarter and for the period from the beginning of such fiscal year through the end of such fiscal quarter of Guarantor, prepared in accordance with GAAP throughout the periods reflected therein and certified (subject to year end adjustments and the omission of footnotes) by the chief financial officer or chief accounting officer of Guarantor, and (ii) as soon as possible and in any event within 120 days after the end of each fiscal year of Guarantor, a copy of the audited consolidated balance sheet of Guarantor and its consolidated subsidiaries as at the end of that fiscal year and the related statements of earnings, stockholders' equity and cash flows of Guarantor and its consolidated subsidiaries for that fiscal year, setting forth in each case, in comparative form, the corresponding figures for the preceding fiscal year of Guarantor and prepared in accordance with GAAP throughout the periods reflected therein, certified by a firm of independent certified public accountants selected by Guarantor. In the event that Lessee's property and business at the Properties is ordinarily consolidated with other business for financial statement purposes, separate non-GAAP statements shall be prepared showing the sales, profits and losses, assets and liabilities pertaining to each of the Properties with the basis for allocation of overhead or other charges being clearly set forth.

(b) Within 60 days after the end of each of the first 3 fiscal quarters of each year of Lessee and within 120 days after the end of each fiscal year of Lessee, Lessee shall deliver to Lessor and Lender a Store Income Statement for each of the Properties.

32. FORCE MAJEURE. Any prevention, delay or stoppage due to strikes, lockouts, acts of God, enemy or hostile governmental action, civil commotion, fire or other casualty beyond the control of the party obligated to perform shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage, except the obligations imposed with regard to rental and other monies to be paid by Lessee pursuant to this Lease and any indemnification obligations imposed upon Lessee under this Lease.

33. TIME IS OF THE ESSENCE. Time is of the essence with respect to each and every provision of this Lease in which time is a factor.

34. LIABILITY LIMITATION. (a) Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Lessor, that (i) there shall be absolutely no personal liability on the part of Lessor, its successors or assigns and the trustees, members, partners, shareholders, officers, directors, employees and agents of Lessor and its successors or assigns, to Lessee with respect to any of the terms, covenants and conditions of this Lease, (ii) Lessee waives all claims, demands and causes of action against the trustees, members, partners, shareholders, officers, directors, employees and agents of Lessor and its successors or assigns in the event of any breach by Lessor of any of the terms, covenants and conditions of this Lease to be performed by Lessor, and (iii) Lessee shall look solely to the Properties for the satisfaction of each and every remedy of Lessee in the event of any breach by Lessor of any of

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the terms, covenants and conditions of this Lease to be performed by Lessor, or any other matter in connection with this Lease or the Properties, such exculpation of liability to be absolute and without any exception whatsoever.

(b) Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Lessee, that, except

as set forth in this subsection below, (i) there shall be absolutely no personal liability on the part of the shareholders who are individuals, officers, directors, employees and agents of Lessee and its successors or assigns with respect to any of the terms, covenants and conditions of this Lease, and (ii) Lessor waives all claims, demands and causes of action against the shareholders who are individuals, officers, directors, employees and agents of Lessee and its successors or assigns in the event of any breach by Lessee of any of the terms, covenants and conditions of this Lease to be performed by Lessee, such exculpation of liability to be absolute and without any exception whatsoever, except that such waiver and exculpation shall not (1) limit any obligation of Guarantor under the Guaranty, and (2) extend to Losses incurred by any of the Indemnified Parties as a result of fraud or intentional misrepresentations by any of the shareholders, officers, directors, employees and agents of Lessee and its successors and assigns, or limit the ability of the Indemnified Parties to seek recovery from such shareholders, officers, directors, employees and agents of Lessee and its successors and assigns as a result of such fraud or intentional misrepresentation.

35. CONSENT OF LESSOR. (a) Except as specified otherwise in specific Sections of this Lease, Lessor's consent to any request of Lessee may be conditioned or withheld in Lessor's sole discretion. Lessor shall have no liability for damages resulting from Lessor's failure to give any consent, approval or instruction reserved to Lessor, Lessee's sole remedy in any such event being an action for injunctive relief.

(b) It is understood and agreed that to the extent Lessor is required to obtain the consent, approval, agreement or waiver of Lender with respect to a matter for which Lessor's approval has been requested under this Lease, Lessor shall in no event be deemed to have unreasonably withheld Lessor's consent, approval, agreement or waiver thereof if Lender shall not have given its approval if required.

36. WAIVER AND AMENDMENT. No provision of this Lease shall be deemed waived or amended except by a written instrument unambiguously setting forth the matter waived or amended and signed by the party against which enforcement of such waiver or amendment is sought. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion. No acceptance by Lessor of an amount less than the monthly rent and other payments stipulated to be due under this Lease shall be deemed to be other than a payment on account of the earliest such rent or other payments then due or in arrears nor shall any endorsement or statement on any check or letter accompanying any such payment be deemed a waiver of Lessor's right to collect any unpaid amounts or an accord and satisfaction.

37. SUCCESSORS BOUND. Except as otherwise specifically provided herein, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of the respective heirs, successors, executors, administrators and assigns of each of the parties hereto.

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38. NO MERGER. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation of this Lease, shall not result in a merger of Lessor's and Lessee's estates, and shall, at the option of Lessor, either terminate any or all existing subleases or subtenancies, or operate as an assignment to Lessor of any or all of such subleases or subtenancies.

39. CAPTIONS. Captions are used throughout this Lease for convenience of reference only and shall not be considered in any manner in the construction or interpretation hereof. References to a particular "Section" herein shall mean such Section of this Lease unless specific reference is also made to another instrument or agreement.

40. SEVERABILITY. The provisions of this Lease shall be deemed severable. If any part of this Lease shall be held unenforceable by any court of competent jurisdiction, the remainder shall remain in full force and effect, and such unenforceable provision shall be reformed by such court so as to give maximum legal effect to the intention of the parties as expressed herein.

41. CHARACTERIZATION. A. It is the intent of the parties hereto that the business relationship created by this Lease and any related documents is solely that of a long-term commercial lease between landlord and tenant and has been entered into by both parties in reliance upon the economic and legal bargains contained herein. None of the agreements contained herein, is intended, nor shall the same be deemed or construed, to create a partnership between Lessor and Lessee, to make them joint venturers, to make Lessee an agent, legal representative, partner, subsidiary or

employee of Lessor, nor to make Lessor in any way responsible for the debts, obligations or losses of Lessee.

B. Lessor and Lessee acknowledge and warrant to each other that each has been represented by independent counsel and has executed this Lease after being fully advised by said counsel as to its effect and significance. This Lease shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party. Whenever in this Lease any words of obligation or duty are used, such words or expressions shall have the same force and effect as though made in the form of a covenant.

42. EASEMENTS. During the Lease Term, Lessor agrees to grant such utility, access or other similar easements on, over and above any of the Properties as Lessee may reasonably request provided that such easements will not materially interfere with Lessor's ownership of such Properties.

43. BANKRUPTCY. A. As a material inducement to Lessor executing this Lease, Lessee acknowledges and agrees that Lessor is relying upon (i) the financial condition and specific operating experience of Lessee and Lessee's obligation to use each of the Properties specifically in accordance with system-wide requirements imposed from time to time on Permitted Facilities, (ii) Lessee's timely performance of all of its obligations under this Lease notwithstanding the entry of an order for relief under the Code for Lessee and (iii) all Events of Default under this Lease as to all Properties being cured promptly and this Lease being assumed within 60 days of any order for relief entered under the Code for Lessee, or this Lease being rejected within that 60-day period and the Properties surrendered to Lessor.

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Accordingly, in consideration of the mutual covenants contained in this Lease and for other good and valuable consideration, Lessee hereby agrees that:

(i) All obligations that accrue under this Lease (including the obligation to pay rent), from and after the date that an Action is commenced shall be timely performed exactly as provided in this Lease and any failure to so perform shall be harmful and prejudicial to Lessor;

(ii) Any and all obligations under this Lease that become due from and after the date that an Action is commenced and that are not paid as required by this Lease shall, in the amount of such rents, constitute administrative expense claims allowable under the Code with priority of payment at least equal to that of any other actual and necessary expenses incurred after the commencement of the Action;

(iii) Any extension of the time period within which Lessee may assume or reject this Lease without an obligation to cause all obligations coming due under this Lease from and after the date that an Action is commenced to be performed as and when required under this Lease shall be harmful and prejudicial to Lessor;

(iv) Any time period designated as the period within which Lessee must cure all defaults and compensate Lessor for all pecuniary losses which extends beyond the date of assumption of this Lease shall be harmful and prejudicial to Lessor;

(v) Any assignment of this Lease must result in all terms and conditions of this Lease being assumed by the assignee without alteration or amendment, and any assignment which results in an amendment or alteration of the terms and conditions of this Lease without the express written consent of Lessor shall be harmful and prejudicial to Lessor;

(vi) Any proposed assignment of this Lease to an assignee:

(a) that will not use the Properties specifically in accordance with a franchise, license and/or area development agreement with the franchisor of Permitted Facilities,

(b) that does not possess financial condition, operating performance and experience characteristics equal

to or better than the financial condition, operating performance and experience of Lessee as of the Effective Date, or

(c) that does not provide guarantors of the Lease obligations with financial condition equal to or better than the financial condition of Guarantor as of the Effective Date,

shall be harmful and prejudicial to Lessor;

(vii) The rejection (or deemed rejection) of this Lease for any reason whatsoever shall constitute cause for immediate relief from the automatic stay provisions of the Code, and Lessee stipulates that such automatic stay shall be lifted immediately and possession of

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the Properties will be delivered to Lessor immediately without the necessity of any further action by Lessor; and

(viii) This Lease shall at all times be treated as consistent with the specific characterizations set forth in Section 3 of this Lease, and assumption or rejection of this Lease shall be (a) in its entirety, (b) for all of the Properties, and (c) in strict accordance with the specific terms and conditions of this Lease.

B. No provision of this Lease shall be deemed a waiver of Lessor's rights or remedies under the Code or applicable law to oppose any assumption and/or assignment of this Lease, to require timely performance of Lessee's obligations under this Lease, or to regain possession of the Properties as a result of the failure of Lessee to comply with the terms and conditions of this Lease or the Code.

C. Notwithstanding anything in this Lease to the contrary, all amounts payable by Lessee to or on behalf of Lessor under this Lease, whether or not expressly denominated as such, shall constitute "rent" for the purposes of the Code.

D. For purposes of this Section 43 addressing the rights and obligations of Lessor and Lessee in the event that an Action is commenced, the term "Lessee" shall include Lessee's successor in bankruptcy, whether a trustee, Lessee as debtor in possession or other responsible Person.

44. NO OFFER. No contractual or other rights shall exist between Lessor and Lessee with respect to the Properties until both have executed and delivered this Lease, notwithstanding that deposits may have been received by Lessor and notwithstanding that Lessor may have delivered to Lessee an unexecuted copy of this Lease. The submission of this Lease to Lessee shall be for examination purposes only, and does not and shall not constitute a reservation of or an option for Lessee to lease or otherwise create any interest on the part of Lessee in the Properties.

45. OTHER DOCUMENTS. Each of the parties agrees to sign such other and further documents as may be reasonably necessary or appropriate to carry out the intentions expressed in this Lease.

46. ATTORNEYS' FEES. In the event of any judicial or other adversarial proceeding between the parties concerning this Lease, to the extent permitted by law, the prevailing party shall be entitled to recover all of its reasonable attorneys' fees and other costs in addition to any other relief to which it may be entitled. In addition, Lessor shall, upon demand, be entitled to all reasonable attorneys' fees and all other costs incurred in the preparation and service of any notice or demand hereunder, whether or not a legal action is subsequently commenced. References in this Lease to attorneys' fees and/or costs shall mean both the fees and costs of independent counsel retained by either party with respect to the matter and the fees and costs of their in-house counsel incurred in connection with the matter.

47. ENTIRE AGREEMENT. This Lease and any other instruments or agreements referred to herein, constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other representations, warranties or agreements except as herein

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provided. Without limiting the foregoing, Lessee specifically acknowledges that neither Lessor nor any agent, officer, employee or representative of Lessor has made any representation or warranty regarding the projected profitability of the business to be conducted on the Properties. Furthermore, Lessee acknowledges that Lessor did not prepare or assist in the preparation of any of the projected figures used by Lessee in analyzing the economic viability and feasibility of the business to be conducted by Lessee at the Properties.

48. FORUM SELECTION; JURISDICTION; VENUE; CHOICE OF LAW. Lessee acknowledges that this Lease was partially negotiated in the State of Arizona, this Lease was executed and delivered in the State of Arizona, all payments under this Lease will be delivered in the State of Arizona (unless otherwise directed by Lessor or its successors) and there are substantial contacts between the parties and the transactions contemplated herein and the State of Arizona. Except for purposes of any action or proceeding concerning the creation of this Lease and the rights and remedies of Lessor with respect to the Properties (which actions or proceedings shall be conducted in the state where the affected Property is located), for purposes of all other actions or proceedings arising out of this Lease, the parties hereto expressly submit to the jurisdiction of all federal and state courts located in the State of Arizona. Lessee and Lessor consent that they may be served with any process or paper by registered mail or by personal service within or without the State of Arizona in accordance with applicable law. Furthermore, each of Lessee and Lessor waive and agree not to assert in any such action, suit or proceeding that it is not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum or that venue of the action, suit or proceeding is improper. The creation of this Lease and the rights and remedies of Lessor with respect to the Properties, as provided herein and by the laws of the states in which the Properties are located, as applicable, shall be governed by and construed in accordance with the internal laws of the states in which the Properties are located, as applicable, without regard to principles of conflicts of law. With respect to other provisions of this Lease, this Lease shall be governed by the internal laws of the State of Arizona, without regard to its principles of conflicts of law. Nothing contained in this Section 48 shall limit or restrict the right of Lessor or Lessee to commence any proceeding in the federal or state courts located in the states in which the Properties are located to the extent Lessor or Lessee deems such proceeding necessary or advisable to exercise remedies available under this Lease.

49. COUNTERPARTS. This Lease may be executed in one or more counterparts, each of which shall be deemed an original.

50. MEMORANDUM OF MASTER LEASE. Concurrently with the execution of this Lease, Lessor and Lessee are executing the Memorandum to be recorded in the applicable real property records with respect to each of the Properties.

51. NO BROKERAGE. Lessor and Lessee each represent and warrant to each other that it has had no conversation or negotiations with any broker concerning the leasing of the Properties. Each of Lessor and Lessee agrees to defend, protect, indemnify, save and keep harmless the other, against and from all liabilities, claims, losses, costs, damages and expenses, including reasonable attorneys' fees, arising out of, resulting from or in connection with its breach of the foregoing warranty and representation.

52. WAIVER OF JURY TRIAL AND PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES. LESSOR AND LESSEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LESSOR AND LESSEE, LESSEE'S USE OR OCCUPANCY OF ANY OF THE PROPERTIES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN. FURTHERMORE, LESSEE AND LESSOR EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES FROM THE OTHER PARTY AND ANY OF ITS AFFILIATES, OFFICERS, DIRECTORS, MEMBERS OR EMPLOYEES OR ANY OF THEIR SUCCESSORS WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY RESPECTIVE ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY ONE PARTY AGAINST THE OTHER OR ANY OF ITS AFFILIATES, OFFICERS, DIRECTORS, MEMBERS OR EMPLOYEES OR ANY OF THEIR RESPECTIVE SUCCESSORS WITH RESPECT TO ANY MATTER

ARISING OUT OF OR IN CONNECTION WITH THIS LEASE OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO, EXCEPT THAT SUCH WAIVER ON THE PART OF LESSOR SHALL NOT BE DEEMED TO OTHERWISE LIMIT, REDUCE OR PRECLUDE IN ANY WAY LESSOR'S REMEDIES PURSUANT TO SECTION 23 HEREOF. THE WAIVER BY EACH PARTY OF ANY RIGHT IT MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES HAS BEEN NEGOTIATED BY THE PARTIES HERETO AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

53. RELIANCE BY LENDER. Lessee acknowledges and agrees that Lender may rely on all of the representations, warranties and covenants set forth in this Lease, that Lender is an intended third-party beneficiary of such representations, warranties and covenants and that Lender shall have all rights and remedies available at law or in equity as a result of a breach of such representations, warranties and covenants, including to the extent applicable, the right of subrogation.

54. DOCUMENT REVIEW. In the event Lessee makes any request upon Lessor requiring Lessor, Lender or the attorneys of Lessor or Lender to review and/or prepare (or cause to be reviewed and/or prepared) any documents, plans, specifications or other submissions in connection with or arising out of this Lease, then Lessee shall reimburse Lessor or its designee promptly upon Lessor's demand therefor for all reasonable out-of-pocket costs and expenses incurred by Lessor in connection with such review and/or preparation plus a reasonable processing and review fee.

55. SUBSTITUTION. A. Subject to the fulfillment of all of the conditions set forth in the following Section 55.B, Lessee shall have the right to deliver a rejectable offer to Lessor (each, a "Rejectable Substitution Offer") to substitute a Substitute Property for a Property if:

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(i) the terms of Sections 21.C or 21.D of this Lease permit such substitution (each, a "Casualty/Condemnation Substitution"); or

(ii) the terms of Section 57 of this Lease permit such substitution (each, an "Economic Substitution").

Each Rejectable Substitution Offer shall identify the proposed Substitute Property in reasonable detail and contain a certificate executed by a duly authorized officer of Lessee pursuant to which Lessee shall certify that in Lessee's good faith judgment such proposed Substitute Property satisfies as of the date of such notice, or will satisfy as of the date of the closing of such substitution, all of the applicable conditions to substitution set forth in this Section 55. Lessee agrees to deliver to Lessor all of the diligence information and materials contemplated by the provisions of Section 55.B of this Lease within 30 days after the delivery to Lessor of a Rejectable Substitution Offer.

Lessor shall have 120 days from the delivery of a Rejectable Substitution Offer notice satisfying the requirements of the preceding paragraph to deliver to Lessee written notice of its election to either accept or reject the Rejectable Substitution Offer. Lessor's failure to deliver such notice within such time period shall be deemed to constitute Lessor's acceptance of the Rejectable Substitution Offer. If the Mortgage corresponding to the Property to be replaced is still outstanding, any rejection of the Rejectable Substitution Offer by Lessor shall not be effective unless it is consented to in writing by Lender and such written consent is delivered to Lessee within such 120-day period. If Lessor accepts the Rejectable Substitution Offer or is deemed to have accepted the Rejectable Substitution Offer or if Lender does not consent in writing to any rejection of the Rejectable Substitution Offer by Lessor as provided in this Section 55, then Lessee shall complete such substitution, subject, however, to the satisfaction of each of the applicable terms and conditions set forth in this Section 55.

If Lessor rejects the Rejectable Substitution Offer and Lessee has satisfied the applicable requirements for substitution set forth in this Section 55, and such rejection is consented to by Lender as provided in this Section 55, then:

(X) if such rejected Rejectable Substitution Offer was made with respect to a Casualty/Condemnation Substitution, the provisions of the next to last paragraphs of either Section 21.D or Section 21.H, as applicable, shall apply; and

(Y) if such rejected Rejectable Substitution Offer was made with respect to a Economic Substitution, this Lease shall

terminate with respect to the Property which Lessee proposed to replace on the next scheduled Base Monthly Rental payment date (the "Early Substitution Termination Date") provided Lessee has paid to Lessor all Base Annual Rental, Additional Rental and all other sums and obligations then due and payable under this Lease as of such Early Substitution Termination Date.

On the Early Substitution Termination Date, and provided Lessee shall have paid to Lessor all Base Annual Rental, Additional Rental and other sums and obligations then due and payable under this Lease as of the Early Substitution Date:

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(i) the Base Annual Rental then in effect shall be reduced by an amount equal to the product of the Applicable Percentage for such Property and the Base Annual Rental then in effect; and

(ii) all obligations of Lessor and Lessee shall cease as of the Early Substitution Termination Date with respect to such Property; provided, however, Lessee's obligations to Lessor with respect to such Property under any indemnification provisions of this Lease with respect to such Property (including, without limitation, Sections 16 and 19 of this Lease) and Lessee's obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to such Property prior to the Early Substitution Termination Date shall survive the termination of this Lease with respect to such Property or otherwise. This Lease shall, however, continue in full force and effect with respect to all other Properties.

B. The substitution of a Substitute Property for a Property pursuant to the preceding Section 55.A shall be subject to the fulfillment of all of the following terms and conditions:

(i) The Substitute Property must:

(1) be a Permitted Facility, in good condition and repair, ordinary wear and tear excepted, and located in the same state as the Property to be replaced or in another state acceptable to Lessor in Lessor's sole discretion;

(2) have a Fixed Charge Coverage Ratio (with the definitions of Section 8.A being deemed to be modified, as contemplated in the following sentence, to provide for a calculation of a "Fixed Charge Coverage Ratio" for the Substitute Property only) for the FCCR Period greater than the Fixed Charge Coverage Ratio for the Property to be replaced for such FCCR Period. For purposes of this subitem (2), the definitions set forth in Section 8.A of this Lease with respect to the calculation of the Aggregate Fixed Charge Coverage Ratio shall be deemed modified as applicable to provide for the calculation of a Fixed Charge Coverage Ratio for each Property on an individual basis rather than on an aggregate basis with the other Properties, including, without limitation, modifying the definitions of Debt, Depreciation and Amortization and Net Income to apply only to the Property for which such calculation is being made, and the Operating Lease Expense with respect to this Lease for each such Property shall equal the Applicable Percentage for each Property multiplied by the Base Annual Rental then in effect;

(3) have a fair market value no less than the greater of the then fair market value of the Property being replaced or the fair market value of such Property as of the Effective Date (in each case, determined without regard to this Lease, but assuming that while this Lease has been in effect, Lessee has complied with all of the terms and conditions of this Lease), as determined by Lessor, and consented to by Lender, utilizing the same valuation method as used in connection with the closing of the transaction described in the Sale-Leaseback

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Agreement, which was based upon the sum of (x) the fair market value of the land comprising such Property and (y) the replacement cost of the improvements located thereon;

(4) have improvements which have a remaining useful life substantially equivalent to, or better than, that of the improvements located at the Property to be replaced; and

(5) be conveyed to Lessor (or, if directed by Lessor, to Lessor and a person designated to acquire the remainderman interest) by special or limited warranty deed, free and clear of all liens and encumbrances, except such matters as are reasonably acceptable to Lessor (the "Substitute Property Permitted Exceptions");

(ii) Lessor shall have inspected and approved the Substitute Property utilizing Lessor's customary site inspection and underwriting approval criteria. Lessee shall have reimbursed Lessor and Lender for all of their reasonable costs and expenses incurred with respect to such proposed substitution, including, without limitation, Lessor's third-party and/or in-house site inspectors' costs and expenses with respect to the proposed Substitute Property. Lessee shall be solely responsible for the payment of all costs and expenses resulting from such proposed substitution, regardless of whether such substitution is consummated, including, without limitation, the cost of title insurance and endorsements for both Lessor and Lender, survey charges, stamp taxes, mortgage taxes, transfer fees, escrow and recording fees, the cost of environmental policies or endorsements to the Environmental Policies as applicable, income and transfer taxes imposed on Lessor as a result of such substitution and the reasonable attorneys' fees and expenses of counsel to Lessee, Lessor and Lender;

(iii) Lessor shall have received a preliminary title report and irrevocable commitment to insure title by means of an ALTA extended coverage owner's policy of title insurance (or its equivalent, in the event such form is not issued in the jurisdiction where the proposed Substitute Property is located) for the proposed Substitute Property issued by Title Company and committing to insure Lessor's good and marketable title in the proposed Substitute Property, subject only to the Substitute Property Permitted Exceptions and containing endorsements substantially comparable to those required by Lessor at the Closing (as defined in the Sale-Leaseback Agreement) and Lender shall have received such title report and irrevocable commitment to insure its first priority lien encumbering the proposed Substitute Property as Lender shall reasonably require;

(iv) Lessor shall have received a current ALTA survey of the proposed Substitute Property, the form of which shall be comparable to those received by Lessor at the Closing and sufficient to cause the standard survey exceptions set forth in the title policy referred to in the preceding subsection to be deleted;

(v) Lessor shall have received an environmental insurance policy with respect to the proposed Substitute Property, or to the extent applicable, an endorsement to the

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Environmental Policies, the form and substance of which shall be satisfactory to Lessor in its sole discretion;

(vi) Lessee shall deliver, or cause to be delivered, with respect to Lessee and the Substitute Property, opinions of Counsel (as defined in the Sale-Leaseback Agreement) in form and substance comparable to those received at Closing (but also addressing such matters unique to the Substitute Property as may be reasonably required by Lessor);

(vii) no Event of Default shall have occurred and be continuing under any of the Sale-Leaseback Documents;

(viii) Lessee shall have executed such documents as may be reasonably required by Lessor as a result of such substitution, including amendments to this Lease and the Memorandum (the "Substitute Documents"), all of which documents shall be in form and substance reasonably satisfactory to Lessor;

(ix) the representations and warranties set forth in the Substitute Documents, this Lease and the Sale-Leaseback Agreement applicable to the proposed Substitute Property shall be true and correct in all material respects as of the date of substitution, and Lessee shall have delivered to Lessor an officer's certificate certifying to that effect;

(x) Lessee shall have delivered to Lessor certificates of insurance showing that insurance required by the Substitute Documents is in full force and effect;

(xi) Lessor shall have obtained an endorsement to the policy of residual value insurance issued to Lessor and Lender in connection with the transaction described in the Sale-Leaseback Agreement with respect to the proposed Substitute Property, which endorsement shall be in form and substance reasonably satisfactory to Lessor and Lender; and

(xii) Lender shall have consented to the substitution of the proposed Substitute Property.

C. Upon satisfaction of the foregoing conditions set forth in Section 55.B and provided Lessor has accepted the Rejectable Substitution Offer:

(i) the proposed Substitute Property shall be deemed substituted for the Property to be replaced;

(ii) the Substitute Property shall be referred to herein as a "Property" and included within the definition of "Properties";

(iii) the Substitute Documents shall be dated as of the date of the substitution; and

(iv) Lessor shall convey fee simple insurable title to the Property to be replaced to Lessee or a designee of Lessee "as-is" by special or limited warranty deed, subject to all matters of record (except for the Mortgage corresponding to the Property to be replaced and

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any other consensual liens granted by Lessor other than those granted by Lessor at the request of Lessee, which shall be released at or before the delivery of such special or limited warranty deed) and all other matters to which Lessee has consented to or for which Lessee is obligated to satisfy under the terms of this Lease, and without representation or warranty.

56. OPTION TO PURCHASE PROPERTIES. Lessee shall have the option, but not the obligation, which option is to be exercised no later than July 31, 2019, to elect to purchase all of the Properties then subject to this Lease for 100% of their Fair Market Value (as defined below), less closing and transaction costs in an amount not to exceed 5% of such Fair Market Value. Lessor shall have the right, but not the obligation, to accept Lessee's offer. Lessee shall elect such option by giving written notice (the "Option Notice") to Lessor of its intention to do so, and the closing of such purchase must occur within 180 days prior to the end of the Initial Term (the "Purchase Period").

The term "Fair Market Value" means the fee simple fair market value of all of the Properties determined as follows: within 90 days of Lessor's receipt of the Option Notice, Lessor shall, at Lessee's sole expense, retain an independent MAI appraiser to prepare an appraisal of the fee simple fair market value of the Properties, including any additions or renovations thereto. In determining the fair market value of the Properties, the appraiser shall utilize the cost, income and sales comparison approaches to value. In utilizing the income approach, the appraiser shall determine the "leased fee" value of the Properties, which shall be arrived at by considering (i) the income that would be produced by this Lease through the end of the fully extended Lease Term, and (ii) any other factors relating to such approach which the appraiser shall deem relevant in his sole discretion, including, without limitation, determining the residual value of the Properties following the expiration of the Lease Term. If within 20 days after being notified of the result of such appraisal Lessee elects to reject that appraisal, then the first appraisal shall become null and void and Lessor shall nominate to Lessee a list of not less than three independent MAI appraisers who are experienced with appraising property similar to the Properties, and Lessee shall select one such appraiser. Within 10 days of

such selection, Lessor shall retain such appraiser to prepare an appraisal of the Properties in the same manner described above, and the resulting determination of such appraiser shall be the "Fair Market Value" of the Properties for purposes of this Section 56.

Upon exercise of this option, Lessor and Lessee shall open an escrow account with a recognized title insurance or trust company selected by Lessor. Such escrow shall be subject to the standard escrow instructions of the escrow agent, to the extent they are not inconsistent herewith. At or before the close of escrow, Lessor shall deliver to the escrow agent its special warranty deeds conveying to Lessee all of Lessor's right, title and interest in the Properties free and clear of all liens and encumbrances except liens for taxes and assessments and easements, covenants and restrictions of record which were attached to the Properties as of the Effective Date, attached during the Lease Term through Lessee's action or inaction, as applicable, have been granted by Lessor in lieu of a taking by the power of eminent domain or the like, have been approved by Lessee, or which do not materially adversely affect the use of the Properties as Permitted Facilities. In the event Lessor is unable to convey title as required, Lessee shall have the right to accept such title as Lessor can convey, seek specific performance or elect not to consummate its exercise of the option, in which case the option shall lapse and this Lease shall remain in full force and effect. Both Lessor and Lessee agree to execute such instruments, and

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take such actions, as may be reasonably necessary or appropriate to consummate the sale of the Properties in the manner herein provided. Simultaneously with the closing of the option, Lessor shall prepay the outstanding principal balance of the Notes and all other sums due under the Loan Documents and cause the Mortgages to be released.

All costs of the exercise of the option set forth in this Section, including, without limitation, escrow fees, title insurance fees, recording costs or fees, attorneys' fees (including those of Lessor), appraisal fees, stamp taxes and transfer fees, shall be borne by Lessee. Lessee shall continue to pay and perform all of its obligations under this Lease until the close of escrow, which in no event shall occur after the date of the expiration of the Initial Term. The purchase price paid by Lessee in exercising this option shall be paid to Lessor or to such Person as Lessor may direct at closing in immediately available funds. Lessee shall not have the right to exercise this option or consummate the exercise thereof if at the time of exercise or consummation an Event of Default shall have occurred and be continuing or if any condition shall exist which upon the giving of notice or the passage of time, or both, would constitute an Event of Default.

The failure of Lessee to consummate the purchase of the Properties as contemplated herein shall not release Lessee from its obligations under this Lease and the Lease shall remain in full force and effect until the expiration of the Lease Term or applicable extension period. The escrow shall close within the Purchase Period or Lessee's option to purchase the Properties shall terminate. The closing date may be extended for a reasonable period of time to permit Lessor to cure title defects or to permit either party to cure any other defects or defaults provided each party is diligently seeking to cure such defect or default and Lessee continues to perform its obligations hereunder.

Lessee may not sell, assign, transfer, hypothecate or otherwise dispose of the option granted herein or any interest therein, except in conjunction with a permitted assignment of Lessee's entire interest herein and then only to the assignee thereof. Any attempted assignment of this option which is contrary to the terms of this paragraph shall be deemed to be a default under this Lease and the option granted herein shall be void.

57. ECONOMIC INFEASIBILITY. During the period of time commencing with the third anniversary of the Effective Date and ending at the end of the Initial Term, but provided that no Event of Default shall have occurred and be continuing, Lessee shall have the option, but not the obligation, with respect to each Property with a "Fixed Charge Coverage Ratio" (determined on a per Property basis as contemplated by Section 55.B(i)(2)) for the 12 calendar months immediately preceding such third anniversary equal to or less than 1.1:1, to either:

- (i) make a rejectable offer to Lessor (an "Economic Substitution Offer") to substitute a Substitute Property for such Property pursuant to the terms and conditions of Section 55 of this Lease; or

(ii) make a payment to Lessor (an "Economic Termination Payment") to terminate this Lease with respect to such Property in an amount equal to the sum of (x) the Applicable Percentage for such Property multiplied by the aggregate Base Annual Rental and Additional Rental for the remaining Initial Term, and (y) the Prepayment Charge corresponding to such Property;

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provided, however, Lessee may not exercise the rights set forth in this Section 57 with respect to more than six of the Properties in the aggregate. All Economic Termination Payments shall be made on a regularly scheduled Base Monthly Rental payment date upon no less than 30 days prior written notice from Lessee to Lessor.

Lessor shall have 120 days from the delivery of an Economic Substitution Offer satisfying the requirements of Section 55.A to accept or reject such offer in its sole discretion. Lessor's failure to deliver notice of acceptance or rejection of such offer within such time period shall be deemed to constitute Lessor's acceptance of such Economic Substitution Offer. If the Mortgage corresponding to such Property is still outstanding, any rejection of the Economic Substitution Offer by Lessor shall not be effective unless it is consented to in writing by Lender, and such written consent is delivered to Lessee within that 120-day period (Lender shall be deemed to have objected to Lessor's rejection of such Economic Substitution Offer if Lender does not consent to or object to Lessor's rejection of such Economic Substitution Offer within such 120-day period).

If Lessor accepts the Economic Substitution Offer or is deemed to have accepted the Economic Substitution Offer or if any rejection of the Economic Substitution Offer by Lessor is not consented to in writing by Lender, then, within 120 days of the delivery of such Economic Substitution Offer, Lessee shall complete such substitution, subject, however, to the satisfaction of each of the applicable terms and conditions set forth in this Section 57. Upon such substitution all obligations of either party hereunder with respect to the Property being replaced shall cease as of the closing of such substitution; provided, however, Lessee's obligations to the Indemnified Parties under any indemnification provisions of this Lease with respect to such Property (including, without limitation, Sections 16 and 19) and Lessee's obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to such Property prior to the closing of such substitution shall survive the termination of this Lease with respect to such Property. This Lease shall, however, continue in full force and effect with respect to all other Properties.

If Lessor rejects the Economic Substitution Offer and such rejection is consented to by Lender, then (i) on the next scheduled Base Monthly Rental payment date, Lessee shall pay to Lessor all Base Annual Rental, Additional Rental and other sums and obligations then due and payable under this Lease, (ii) the Base Annual Rental then in effect shall be reduced by an amount equal to the product of the Applicable Percentage for such Property and the Base Annual Rental then in effect, and (iii) provided Lessee shall have paid Lessor all sums described in the preceding subitem (i), all obligations of either party hereunder shall cease as of the next scheduled Base Monthly Rental payment date; provided, however, Lessee's obligations to Lessor with respect to such Property under any indemnification provisions of this Lease with respect to such Property (including, without limitation, Sections 16 and 19) and Lessee's obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to such Property prior to such termination shall survive the termination of this Lease. This Lease shall, however, continue in full force and effect with respect to all other Properties.

If the event Lessee makes an Economic Termination Payment as contemplated above, (1) on the next scheduled Base Monthly Rental payment date, Lessee shall pay to Lessor all Base Annual Rental, Additional Rental and other sums and obligations then due and payable under

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this Lease, (2) the Base Annual Rental then in effect shall be reduced by an amount equal to the product of the Applicable Percentage for such Property and the Base Annual Rental then in effect, and (3) provided Lessee shall have paid Lessor all sums described in the preceding subitem (1), all obligations of either party hereunder with respect to such Property shall cease as of the next scheduled Base Monthly Rental payment date; provided, however, Lessee's obligations to Lessor with respect to such Property under any indemnification

provisions of this Lease with respect to such Property (including, without limitation, Sections 16 and 19) and Lessee's obligations to pay any sums (whether payable to Lessor or a third party) accruing under this Lease with respect to such Property prior to such termination shall survive the termination of this Lease. This Lease shall, however, continue in full force and effect with respect to all other Properties.

58. STATE SPECIFIC PROVISIONS; LIMITATION OF INTEREST AND LATE CHARGE. (a) The provisions and/or remedies which are set forth on Schedule I shall be deemed a part of and included within the terms and conditions of this Lease.

(b) Notwithstanding anything to the contrary contained in this Lease with respect to the payment by Lessee to Lessor of interest at the Default Rate or otherwise and/or any late charges, Lessee shall not be required to pay any such interest or late charges in excess of the limitation imposed by applicable law prescribing maximum rates of interest then in effect.

59. CONFIDENTIAL INFORMATION. (a) Confidential Information may be disclosed to Lessor and Lender and their respective authorized employees, agents and representatives, lenders, purchasers, transferees, assignees, servicers, participants, investors, analysts and Governmental Authorities with regulatory authority over Lender and selected rating agencies with a need to know (collectively, the "Permitted Recipients"), orally or in writing, by inspection or by permissive observation, or in any other way, but no disclosure will allow the Permitted Recipients to further disclose the Confidential Information or to use it except as permitted by this Lease. Confidential Information does not include:

(i) information which was in the public domain, publicly available and publicly known at the time of disclosure, including, without limitation, the reports filed with the SEC as contemplated by Section 8.A of the Sale-Leaseback Agreement and Section 31 of this Lease,

(ii) information which subsequently becomes public knowledge as a result of a disclosure by Lessee, or in any way not involving any breach of this Lease by Lessor, as of the date of its becoming public, or

(iii) information which Lessor or Lender obtains from sources other than Lessee or its Affiliates in any manner not involving any breach of this Section by Buyer or Lender.

(b) Lessee grants to the Permitted Recipients the nonexclusive right to review and use the Confidential Information in order to understand the operations of Lessee and its Affiliates in connection with the transactions contemplated by this Lease. Except as otherwise contemplated by subsection (c) below:

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(i) the Confidential Information may not be used for any other purpose or by any other Person, and the Confidential Information may not be copied, reproduced, or disseminated except as permitted in this Lease;

(ii) Lessor may possess, review, analyze, and use the Confidential Information only while, and only in connection with, its discussions and negotiations with respect to the purchase of the Properties; and

(iii) except to any Permitted Recipient, Lessor will not reveal, allow the release or discovery of, or disclose the Confidential Information, or any part of it, to any person, firm, corporation, or any other entity or individual without specific prior written consent from Lessee.

The foregoing prohibitions on disclosure and release apply whether or not the Confidential Information may be classified as a trade secret. Lessor will in good faith treat the Confidential Information with at least the same care that Lessee and other similar businesses use in the protection of their own undisclosed and proprietary information, and the Confidential Information will be disclosed to Permitted Recipients. Lessor will, and will require Lender to, advise such Permitted Recipients who are necessarily given access to Confidential Information of its confidential and proprietary nature and of the existence and importance of this Lease and use reasonable efforts

to protect the secrecy of such Confidential Information and to comply with the nondisclosure terms of this Lease, and Lessor will, and will require Lender to, require that each Permitted Recipient of Proprietary Confidential Information enter into a customary and commercially reasonable written confidentiality agreement pursuant to which they will agree not to disclose such Proprietary Confidential Information in violation of the provisions of this Section 59.

All tangible records and memorializations of Confidential Information are the exclusive property of Lessee. Upon assignment by Lessor or any termination of this Lease, Lessor will immediately cease all use of the Confidential Information in any way. All Confidential Information then in the possession of Lessor shall be immediately returned to Lessee or its duly authorized representative, and Lessor agrees to use reasonable efforts to return to Lessee all Confidential Information then in the possession of Lender.

(c) Notwithstanding the foregoing, nothing in this Section 59 shall limit or prevent:

(i) Lessor and/or Lender from utilizing Confidential Information delivered to Lessor or Lender pursuant to the Sale-Leaseback Agreement or this Lease, including, without limitation, Store Income Statements delivered to Lessor or Lender pursuant to the Sale-Leaseback Agreement or Section 31 of this Lease, subject to the requirements of this Section 59;

(ii) Lender from disclosing, distributing and/or making Confidential Information available to any Permitted Recipient as necessary in connection with any Transfer, Participation and/or Securitization as contemplated by Section 8.C of this Lease provided that Lessor shall require Lender to (1) advise each such Permitted Recipient of the confidential nature of such Confidential Information, (2) require that each Permitted

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Recipient of Proprietary Confidential Information enter into a customary and commercially reasonable written confidentiality agreement as contemplated by Section 59(b), and (3) request, to the extent reasonably practicable, that each Permitted Recipient of Confidential Information which is not Proprietary Confidential Information enter into a customary and commercially reasonable written confidentiality agreement pursuant to which they will agree not to disclose such Confidential Information in violation of the provisions of this Section 59;

(iii) Lessor and/or Lender from utilizing Confidential Information in connection with the exercise of Lessor's rights and remedies under this Lease following the occurrence and during the continuance of an Event of Default;

(iv) Lessor and/or Lender from disclosing Confidential Information as required by court order or subpoena or as otherwise required by any Governmental Authority under applicable law; and/or

(v) Lessor from delivering any such Confidential Information to prospective purchasers or mortgagees of Lessor's interest in the Properties or in Lessor, and their respective attorney's, consultants, representatives or agents, provided that (x) in the case of prospective purchasers, Lessor shall obtain a commercially reasonable written confidentiality agreement from any such prospective purchaser pursuant to which such prospective purchaser will agree not to disclose any such Confidential Information in violation of the provisions of this Section 59, and (y) in the case of prospective mortgagees, Lessor shall advise such mortgagees of the confidential nature of such Confidential Information and shall request that such mortgagee enter into a commercially reasonable written confidentiality agreement pursuant to which such mortgagee will agree not to disclose such Confidential Information in violation of the provisions of this Section 59.

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IN WITNESS WHEREOF, Lessor and Lessee have entered into this Lease as of the date first above written.

LESSOR:

COUNTRY STORES PROPERTY I, LLC,  
a Delaware limited liability  
company

By Country Stores Equity I,  
LLC, a Delaware limited  
liability company, its  
member

By: /s/ Jamie Elliott

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Printed Name: Jamie Elliott

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Its: Vice President  
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LESSEE:

CRACKER BARREL OLD COUNTRY STORE,  
INC., a Tennessee corporation

By: /s/ James F. Blackstock

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Printed Name: James F. Blackstock

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Its: Senior Vice President  
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Lessee's Tax Identification  
Number: 62-0812904

STATE OF ARIZONA ]  
] SS.  
COUNTY OF MARICOPA ]

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Jamie Elliott, whose name as Vice President of Country Stores Property I, LLC a Delaware limited liability company, member of Country Stores Equity I, LLC, a Delaware limited liability company, on behalf of the limited liability company, is signed to the foregoing Master Lease, and who is known to me, acknowledged before me on this day that, being informed of the contents of the Master Lease, [s]he, as such officer and with full authority, executed the same voluntarily for and as the act of the corporation and limited liability company.

Given under my hand and official seal this 28 day of July, 2000.

/s/ Susan M. Goldberg

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Notary Public

My Commission Expires:

July 17, 2002  
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STATE OF ARIZONA ]  
] SS.  
COUNTY OF MARICOPA ]

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that James F. Blackstock, whose name as Sr. Vice President of Cracker Barrel Old Country Store, Inc., a Tennessee corporation, on behalf of the corporation, is signed to the foregoing Master Lease, and who is known to me, acknowledged before me on this day that, being informed of the contents of the Master Lease, [s]he, as such officer and with full authority, executed the same voluntarily for and as the act of the corporation and limited liability company.

Given under my hand and official seal this 28 day of July, 2000.

/s/ Susan M. Goldberg

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My Commission Expires:

July 17, 2002

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[Exhibits and Schedules have been omitted.]



|        |         |         |         |         |         |         |
|--------|---------|---------|---------|---------|---------|---------|
| First  | \$15.50 | \$12.81 | \$ .005 | \$30.50 | \$22.13 | \$ .005 |
| Second | 14.19   | 8.13    | .005    | 27.88   | 20.13   | .005    |
| Third  | 14.00   | 8.38    | --      | 23.50   | 16.00   | .005    |
| Fourth | 15.31   | 11.88   | --      | 20.50   | 14.81   | .005    |

\*On November 24, 1999, the Company's Board of Directors adopted a policy to consider and pay dividends, if declared, on an annual basis each January in the future. This new policy is intended to reduce administrative and mailing costs related to dividends.

CBRL GROUP, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

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

|                                | Relationship to Total Revenue |        |        | Period to Period Increase (Decrease) |              |
|--------------------------------|-------------------------------|--------|--------|--------------------------------------|--------------|
|                                | 2000                          | 1999   | 1998   | 2000 vs 1999                         | 1999 vs 1998 |
| Net Sales:                     |                               |        |        |                                      |              |
| Restaurant                     | 77.8%                         | 76.0%  | 76.3%  | 19%                                  | 16%          |
| Retail                         | 22.2                          | 24.0   | 23.7   | 7                                    | 18           |
| Total net sales                | 100.0                         | 100.0  | 100.0  | 16                                   | 16           |
| Franchise fees and royalties   | --                            | --     | --     | 134                                  | --           |
| Total revenue                  | 100.0%                        | 100.0% | 100.0% | 16                                   | 16           |
| Cost of goods sold             | 34.7                          | 35.1   | 34.2   | 14                                   | 20           |
| Gross Profit                   | 65.3                          | 64.9   | 65.8   | 17                                   | 15           |
| Labor & other related expenses | 36.4                          | 35.2   | 33.5   | 20                                   | 22           |
| Other store operating expenses | 16.6                          | 16.2   | 15.0   | 18                                   | 26           |
| Store operating income         | 12.3                          | 13.5   | 17.3   | 5                                    | (10)         |
| General & administrative       | 5.4                           | 5.4    | 4.8    | 16                                   | 29           |
| Amortization of Goodwill       | 0.2                           | 0.1    | 0.0    | 84                                   | 938          |
| Operating income               | 6.7                           | 8.0    | 12.5   | (3)                                  | (26)         |
| Interest expense               | 1.4                           | 0.7    | 0.2    | 117                                  | 274          |
| Interest income                | --                            | 0.1    | 0.2    | (73)                                 | (54)         |
| Income before income taxes     | 5.3                           | 7.4    | 12.5   | (16)                                 | (32)         |
| Provision for income taxes     | 2.0                           | 2.8    | 4.6    | (16)                                 | (30)         |
| Net income                     | 3.3                           | 4.6    | 7.9    | (16)                                 | (33)         |

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

|                     | Cracker Barrel Old Country Store<br>Period to Period Increase(Decrease) |                              | Logan's Roadhouse<br>Period to Period Increase |
|---------------------|---|------------------------------|--|
|                     | 2000 vs 1999<br>(326 Stores)  | 1999 vs 1998<br>(283 Stores) | 2000 vs 1999<br>(25 stores)                    |
| Restaurant          | 1%  | (3)%                         | 3%   |
| Retail              | (2)   | 2                            | --   |
| Restaurant & retail | 0   | (2)                          | 3%   |

\*Comparable store sales consist of sales of stores open six full quarters at the beginning of the fiscal year.

All dollar amounts reported or discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations are shown in thousands. 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. Except for specific historical information, the matters discussed in this Annual Report to Shareholders, as well as the

Company's Form 10-K filed with the Securities and Exchange Commission for the year ended July 28, 2000, are forward-looking statements that involve risks, uncertainties and other factors which may cause actual results and performance of CBRL Group, Inc. to differ materially from those expressed or implied by these statements. Factors which will affect actual results include, but are not limited to: the effects of increased competition at Company locations on sales and labor recruiting, cost and retention; the ability of the Company to recruit, train and retain qualified restaurant hourly and management employees; the availability and costs of acceptable sites for development; the acceptance of the Company's concepts as the Company continues to expand into new geographic regions; the results of pending, threatened or future litigation; commodity price increases; adverse general economic conditions; changes in interest rates affecting the Company's financing costs; adverse weather conditions; changes in or implementation of additional governmental rules and regulations affecting wage and hour matters, health and safety, pensions and insurance; other undeterminable areas of government actions or regulations; and other factors described from time to time in the Company's filings with the Securities and Exchange Commission, press releases and other communications.

#### CBRL GROUP, INC.

CBRL Group, Inc. acquired Logan's Roadhouse, Inc. ("Logan's") on February 16, 1999 in the third quarter of the Company's prior fiscal year, and, therefore, results for the fiscal year ended July 28, 2000 are not directly comparable to the fiscal year ended July 30, 1999. The acquisition of Logan's was additive to the Company's net income for the fiscal year ended July 28, 2000 compared with the prior year.

The Company recorded charges of \$8,592 before taxes during the quarter ended January 28, 2000 principally as a result of management changes and the resulting refocused operating priorities. These charges consisted of \$3,887 for the write-down of certain Cracker Barrel Old Country Store, Inc. ("Cracker Barrel") properties no longer expected to be used for future development and for Cracker Barrel's test, retail-only mall store in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121 (see Note 2 to the Company's Consolidated Financial Statements), \$1,955 for severance and related expenses for a total of 20 corporate employees, including 18 at Cracker Barrel, and \$2,750 for other charges primarily consisting of the future minimum lease payments on certain properties no longer expected to be used for future development, the write-down of certain abandoned property, inventory write-downs related to the closing of Cracker Barrel's test, outlet store and other contractual obligations. These charges affect line items on the Company's Condensed Consolidated Statement of Income in dollars and as a percent of total revenue for the fiscal year ended July 28, 2000, respectively, as follows: Cost of goods sold \$205, 0.0%; Other store operating expenses \$5,609, 0.3%; and General and Administrative \$2,778, 0.2%. As of July 28, 2000, substantially all of the amounts previously recorded have been paid or settled with no changes from the original estimates.

Cracker Barrel comparable store restaurant sales increased 1% in fiscal 2000 versus the comparable 52 weeks of fiscal 1999. Comparable store restaurant sales decreased 3% for the comparable 52 weeks of fiscal 1999 versus fiscal 1998. The increase in comparable store sales growth from fiscal 1999 to fiscal 2000 was primarily due to the increases in customer traffic of approximately 1%.

Cracker Barrel comparable store retail sales decreased 2% in fiscal 2000 versus the comparable 52 weeks of fiscal 1999. Comparable store retail sales increased 2% for the comparable 52-week period in fiscal 1999 versus fiscal 1998. The comparable store retail sales decline from fiscal 1999 to fiscal 2000 was primarily due to the reduced availability of certain popular retail items for which there were stronger sales in fiscal 1999.

In fiscal 2000 total net sales (restaurant and retail) in the 326 Cracker Barrel comparable stores averaged \$3,852. Restaurant sales were 75.9% of total net sales in the comparable 326 stores in fiscal 2000 and 75.3% in fiscal 1999.

Total revenue, which increased 16% in both fiscal 2000 and 1999, respectively, benefited from the opening of 30, 40 and 50 new Cracker Barrel stores in fiscal 2000, 1999 and 1998, respectively, the opening of 12 and 13 new company-operated Logan's restaurants in fiscal 2000 and 1999, respectively, and the acquisitions of Logan's in February 1999 and Carmine Giardini's Gourmet Market and La Trattoria Ristorante ("Carmine's") in April 1998. (See Note 7 to the Company's Consolidated Financial Statements.)

Cost of goods sold as a percentage of total revenue decreased in fiscal 2000 to 34.7% from 35.1% in 1999. This decrease was primarily due to a decrease in markdowns of retail merchandise versus the prior year, lower retail shrinkage versus the prior year, an increased mix of restaurant sales, which have a lower cost of goods than retail sales, the benefit to cost of goods sold from the inclusion of Logan's, which has a lower cost of goods as a percentage of total revenue than Cracker Barrel, improved food cost management in the Cracker Barrel stores and lower dairy prices. These

decreases were partially offset by commodity cost pressure in pork and beef and lower initial retail mark-ons. Additionally, the Company had \$205 in charges to cost of goods sold related to management's decision during the second quarter of fiscal 2000 to close Cracker Barrel's test, outlet store. Food cost as a percentage of net restaurant sales in fiscal 2000 increased slightly from fiscal 1999 primarily due to increases in pork and beef and the inclusion of Logan's, which has higher cost of goods as a percentage of net restaurant sales than Cracker Barrel. These increases to food cost as a percentage of net restaurant sales were partially offset by decreases in dairy prices and improved food cost management in the Cracker Barrel stores.

#### CBRL GROUP, INC.

Cost of goods sold as a percentage of total revenue increased in fiscal 1999 to 35.1% from 34.2% in 1998. This increase was primarily due to a significant increase in markdowns of retail merchandise versus the prior year, higher retail shrinkage versus the prior year and an increased mix of retail sales, which have a higher cost of goods than restaurant sales. These increases were partially offset by the benefit to cost of goods sold from the inclusion of Logan's, which has lower cost of goods sold as a percentage of total revenue than Cracker Barrel. Food cost as a percentage of net restaurant sales in fiscal 1999 increased slightly from fiscal 1998 primarily due to increases in dairy prices. These increases were partially offset by the net benefit to cost of goods sold from a menu price increase of approximately 4% at Cracker Barrel in May 1998, and menu price decreases of approximately 1% and 3% at Cracker Barrel in September 1998 and March 1999, respectively.

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 36.4%, 35.2% and 33.5% in fiscal 2000, 1999 and 1998, respectively. The year to year increase in fiscal 2000 versus fiscal 1999 was primarily due to non-tipped, hourly wage inflation in Cracker Barrel and Logan's stores of approximately 6%, increases in Cracker Barrel's field management salary structure to attract and retain quality store managers, increased staffing levels at Cracker Barrel stores versus the prior year, increased bonus payouts under the Cracker Barrel store-level bonus programs and increases in group health costs and workers compensation insurance costs at Cracker Barrel stores. These increases were partially offset by improved hourly labor efficiency at Cracker Barrel stores and the benefit to labor from adding Logan's, which has lower labor costs as a percentage of total revenue than Cracker Barrel.

The year to year increase in labor and related expenses in fiscal 1999 versus fiscal 1998 was primarily due to increased Cracker Barrel restaurant labor hours to improve guest service, non-tipped hourly wage inflation at Cracker Barrel stores of approximately 4%, increases in Cracker Barrel's field management salary structure to attract and retain quality store managers, and increased group health costs. These increases were partially offset by lower bonus payouts under the Cracker Barrel store-level bonus program and the benefit to labor expense from adding Logan's, which has lower labor costs as a percentage of revenue than Cracker Barrel.

Other store operating expenses include all unit-level operating costs, the major components of which are operating supplies, repairs and maintenance, advertising expenses, utilities, depreciation and amortization. Other store operating expenses as a percentage of total revenue were 16.6%, 16.2% and 15.0% in fiscal 2000, 1999 and 1998, respectively. The year to year increase in fiscal 2000 versus fiscal 1999 was primarily due to charges in the second quarter of fiscal 2000 of \$5,609, consisting primarily of impairment losses of \$3,887 (see Note 2 to the Company's Consolidated Financial Statements). Additionally, this increase was due to the inclusion of Logan's, which has higher other store operating expenses as a percentage of total revenue than Cracker Barrel. These increases were partially offset due to lower advertising spending at the Cracker Barrel concept.

The year to year increase in other store operating expenses in fiscal 1999 versus fiscal 1998 was primarily due to incremental Cracker Barrel advertising expense, which resulted from increased television and radio advertising and other general advertising programs, higher Cracker Barrel store maintenance costs, the effect of lower sales volumes on fixed costs as a percentage of total revenue at Cracker Barrel and the inclusion of Logan's, which has higher other store operating expenses as a percentage of total revenue than Cracker Barrel.

General and administrative expenses as a percentage of total revenue were 5.4%, 5.4% and 4.8% in fiscal 2000, 1999 and 1998, respectively. General and administrative expenses as a percentage of total revenue were unchanged from fiscal 1999 to fiscal 2000 primarily due to an increase in corporate bonus accruals versus the prior year and \$2,778 in second quarter fiscal 2000 charges, consisting primarily of severance and related expenses (see Note 2 to the Company's Consolidated Financial Statements) offset by the inclusion of Logan's, which has lower general and administrative expenses as a percentage of total revenue than Cracker Barrel and improved volume.

The year to year increase in general and administrative expenses as a percentage of total revenue in fiscal 1999 versus fiscal 1998 was primarily

due to higher Cracker Barrel manager trainee costs to hire and train quality store managers, the increased general and administrative expenses from the acquisitions of Logan's in February 1999 and Carmine's in April 1998 and the costs related to the holding company formation (see Note 1 to the Company's Consolidated Financial Statements). These increases were partially offset by the decrease in corporate bonus accruals versus fiscal 1998.

#### CBRL GROUP, INC.

Interest expense increased in fiscal 2000 to \$24,616 from \$11,324 in fiscal 1999 and \$3,026 in fiscal 1998. The increase from fiscal 1998 to fiscal 1999 and from fiscal 1999 to fiscal 2000 was primarily due to the Company's drawing on its bank revolving credit facility to finance the Logan's acquisition and the repurchase of stock.

Interest income decreased to \$352 in fiscal 2000 from \$1,319 in fiscal 1999 and \$2,847 in fiscal 1998. The primary reason for the decrease was lower average funds available for investment.

Provision for income taxes as a percent of pretax income was 37.7% for fiscal 2000, 37.8% for fiscal 1999 and 36.8% for fiscal 1998. The primary reason for the decrease in the tax rate from fiscal 1999 to fiscal 2000 was the increase in employer tax credits for FICA taxes paid on tip income. The primary reason for the increase in the tax rate in fiscal 1999 from fiscal 1998 was the non-deductibility of the amortization of goodwill and costs related to the acquisition of Logan's in February 1999.

#### IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities, Deferral of FASB Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133," in the first quarter of fiscal 2001. The effect of adopting these statements did not have a material effect on the Company's consolidated financial statements. On December 3, 1999, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." Its effective date was subsequently amended by the SEC through the issuance of SAB Nos. 101A and 101B. SAB No. 101 must now be adopted by the fourth quarter of fiscal years beginning after December 15, 1999. SAB No. 101 summarizes certain of the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company does not expect the adoption of SAB No. 101 to have a material effect on its consolidated financial statements. (See Note 2 to the Company's Consolidated Financial Statements.)

#### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

**INTEREST RATE RISK.** With certain instruments entered into for other than trading purposes, the Company is subject to market risk exposure related to changes in interest rates. As of October 27, 2000, the Company has in place a \$320 million bank credit facility, which matures December 31, 2003. A portion of that facility, a \$270 million revolver, bears interest at a percentage point spread from LIBOR based on the Company's ratio of lease adjusted funded debt to EBITDAR (earnings before interest expense, income taxes, depreciation and amortization and rent expense), adjusted quarterly. As of July 28, 2000, the Company had \$242 million outstanding under the revolver at interest rates ranging from 8.38% to 9.50%. The remaining portion of the bank credit facility is a \$50 million 5-year term loan bearing interest at LIBOR plus the Company's credit spread, adjusted quarterly. As of July 28, 2000, the Company's interest rate on the \$50 million term loan was 8.59%. The Company's credit spread on its bank credit facility decreased by 25 basis points on July 31, 2000 due to the Company's improving financial ratios. The Company's credit spread will decrease by an additional 25 basis points on October 30, 2000. The maturity payments for the Company's bank facility are as follows: the \$50 million term loan is due December 1, 2001 and any amounts outstanding under the revolving credit facility (\$242 million as of July 28, 2000) are due December 31, 2003. The weighted average interest rates through the expected maturity dates for the Company's term loan and revolving credit facility are 8.34% and 8.93%, respectively, based on the Company's current credit spread of 1.5%. While changes in 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. Based on discounted cash flows of future payment streams, assuming rates equivalent to the Company's incremental borrowing rate on similar liabilities, the fair value of the \$50 million term loan and the \$242 million outstanding under the revolving credit facility approximates carrying value as of July 28, 2000.

#### CBRL GROUP, INC.

**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. Three food categories (beef, poultry and pork) account for the largest shares of the Company's food purchases at approximately 14%, 14% and 12% each, respectively. Other items affected by the commodities markets, such as dairy, produce and coffee, may each account for as much as 10% 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 often simultaneously. In many cases, the Company believes it will be able to pass through any increased commodity costs by adjusting its menu pricing. From time to time, competitive circumstances may limit menu price flexibility, and in those circumstances increases in commodity prices can result in lower margins for the Company. The Company does not use financial instruments to hedge commodity prices. However, the Company believes that any changes in commodity pricing which cannot be adjusted for by changes in menu pricing or other product delivery strategies, would not be material.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company's cash generated from operating activities was \$160,247 in fiscal 2000. Most of this cash was provided by net income adjusted by depreciation and amortization. Decreases in prepaid expenses and increases in taxes withheld and accrued, income taxes payable, accrued employee compensation, accrued employee benefits, other accrued expenses, other long-term obligations and deferred income taxes were partially offset by increases in inventories, receivables and other assets.

Capital expenditures were \$138,032 in fiscal 2000. Land purchases and costs of new stores accounted for substantially all of these expenditures.

The Company's internally generated cash along with cash balances at July 30, 1999 were sufficient to finance repurchase of stock and new store growth of its Cracker Barrel, Logan's and Carmine's concepts in fiscal 2000.

On February 26, 1999, the Company announced that the Board of Directors had authorized the repurchase of up to an additional 3 million shares of the Company's common stock. This authorization increased the Company's combined share repurchase programs to a total of approximately 10% of the approximately 60 million shares then outstanding. The purchases were made from time to time in the open market at prevailing market prices. The Company began repurchases under this second authorization upon completion of the first 3 million share repurchase program in March 1999. At the beginning of fiscal 2000, the Company had remaining authorization to repurchase 2,032,500 shares, and it recommenced repurchase activity in the third fiscal quarter. As of July 28, 2000, the Company completed the purchase of all of the remaining 2,032,500 shares authorized by the Board of Directors for \$21,104 or an average of \$10.38 per share.

The Company estimates that its capital expenditures for fiscal 2001 will be approximately \$93,000, substantially all of which will be land purchases and the construction of 15 new Cracker Barrel stores and 13 new Logan's restaurants, including one replacement for a unit destroyed by fire in fiscal 2000.

#### CBRL GROUP, INC.

On February 16, 1999, the Company completed its merger and acquisition of Logan's Roadhouse, Inc. for \$24 cash per share or approximately \$188,039, excluding transaction costs. (See Note 7 to the Company's Consolidated Financial Statements.) In order to finance this acquisition and the Company's additional 3 million share repurchase authorization, the Company refinanced its \$50,000 term loan and \$75,000 revolving credit facility, which increased the credit spreads. The credit spread increase was primarily due to changes in the credit markets as compared to the credit spread environment when the Company entered into the \$125,000 bank credit facility. As part of the February 16, 1999 bank facility refinancing, the Company increased the total bank credit facility to \$350,000 from \$125,000. On October 1, 1999, the Company increased its bank revolving credit facility an additional \$40,000. As of July 28, 2000, the Company's credit spread on its term loan and revolving credit facility was 1.75%. Due to the Company's improving financial ratios, the Company's credit spread decreased by 0.25% as of the beginning of the first quarter of fiscal 2001 and will decrease an additional 0.25% as of the beginning of the second quarter of fiscal 2001. On July 31, 2000, subsequent to its fiscal year end, the Company completed a sale-leaseback transaction involving 65 of its owned Cracker Barrel Old Country Store units. Under the transaction, the

land, buildings and improvements at the locations were sold for net consideration of \$138,280 and have been leased back for an initial term of 21 years. Net proceeds from the sale were used to reduce outstanding borrowings under the Company's revolving credit facility, and the commitment under that facility was reduced by \$70,000 to \$270,000. (See Note 13 to the Company's Consolidated Financial Statements.) During fiscal 2000 the Company paid off the remaining \$7,000 balance on its 9.53% Senior Notes three years early and made net payments of \$13,000 to reduce its revolving credit facility with excess available cash beyond its funding needs to complete its share repurchase program and to continue the expansion of its various concepts.

Management believes that cash balances at July 28, 2000, along with cash generated from the Company's operating activities, will be sufficient to finance its continued operations and its continued expansion plans through fiscal 2001. The Company has approximately \$110,000 available under its revolving credit facility following the completion of the sale-leaseback transaction. The Company estimates that it will generate excess cash of approximately \$70,000 which it intends to use to reduce borrowings under the revolving credit facility in fiscal 2001 and/or for additional share repurchases upon Board of Directors approval. The Company's principal criteria for share repurchases are that they be accretive to earnings per share and that they do not unfavorably affect the Company's investment grade debt rating.

#### EMPLOYMENT LITIGATION

As more fully discussed in Note 10 to the Consolidated Financial Statements, the Company is defendant in two lawsuits, one of which has been provisionally certified as a class action. The Company believes it has substantial defenses in these actions and intends to defend each of them vigorously. There currently is no provision for any potential liability with respect to this litigation in the Consolidated Financial Statements. If there were to be an unfavorable outcome in either of these cases, the Company's results of operations, financial position and liquidity could be materially and adversely affected.

### CBRL GROUP, INC.

#### CONSOLIDATED BALANCE SHEET

(In thousands except share data)

| ASSETS   | JULY 28,<br>2000 | JULY 30,<br>1999 |
|--|------------------|------------------|
| -----  |                  |                  |
| CURRENT ASSETS:  |                  |                  |
| Cash and cash equivalents  | \$ 13,865        | \$ 18,262        |
| Receivables  | 11,570           | 8,935            |
| Inventories  | 107,377          | 100,455          |
| Prepaid expenses   | 6,916            | 8,041            |
| Deferred income taxes  | 4,307            | 2,457            |
| -----  |                  |                  |
| Total current assets   | 144,035          | 138,150          |
| -----  |                  |                  |
| PROPERTY AND EQUIPMENT:  |                  |                  |
| Land   | 299,709          | 283,245          |
| Buildings and improvements   | 656,038          | 601,326          |
| Buildings under capital leases                                       | 3,289            | 3,289            |
| Restaurant and other equipment                                       | 301,907          | 275,047          |
| Leasehold improvements   | 68,688           | 53,394           |
| Construction in progress   | 20,168           | 31,659           |
| -----  |                  |                  |
| Total  | 1,349,799        | 1,247,960        |
| Less: Accumulated depreciation and<br>amortization of capital leases | 274,665          | 227,905          |
| -----  |                  |                  |
| Property and equipment-net   | 1,075,134        | 1,020,055        |
| -----  |                  |                  |
| Goodwill - net   | 107,253          | 111,246          |
| Other Assets   | 8,601            | 8,330            |
| -----  |                  |                  |
| Total  | \$1,335,023      | \$1,277,781      |
| =====  |                  |                  |

#### LIABILITIES AND SHAREHOLDERS' EQUITY

##### CURRENT LIABILITIES:

|   |           |           |
|---|-----------|-----------|
| Accounts payable  | \$ 62,377 | \$ 67,286 |
| Current maturities of long-term debt<br>and other long-term obligations | 200       | 2,700     |
| Taxes withheld and accrued  | 28,378    | 23,577    |

|                               |         |         |
|-------------------------------|---------|---------|
| Income taxes payable          | 13,435  | 2,211   |
| Accrued employee compensation | 37,180  | 22,632  |
| Accrued employee benefits     | 23,329  | 17,641  |
| Other accrued expenses        | 8,679   | 7,906   |
| -----                         |         |         |
| Total current liabilities     | 173,578 | 143,953 |
| -----                         |         |         |
| Long-term Debt                | 292,000 | 312,000 |
| -----                         |         |         |
| Other Long-term Obligations   | 1,762   | 902     |
| -----                         |         |         |
| Deferred Income Taxes         | 38,713  | 29,919  |
| -----                         |         |         |

COMMITMENTS AND CONTINGENCIES (NOTE 10)

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; 2000 - 62,668,349 shares issued and 56,668,349 shares outstanding; 1999 - 62,595,662 shares issued and 58,628,162 shares outstanding | 627         | 626         |
| Additional paid-in capital   | 284,429     | 283,724     |
| Retained earnings  | 648,489     | 590,128     |
| -----  |             |             |
|  | 933,545     | 874,478     |
| Less treasury stock, at cost, 6,000,000 and 3,967,500 shares, respectively   | (104,575)   | (83,471)    |
| -----  |             |             |
| Total shareholders' equity   | 828,970     | 791,007     |
| -----  |             |             |
| Total  | \$1,335,023 | \$1,277,781 |
| =====  |             |             |

See notes to consolidated financial statements.

CBRL GROUP, INC.

CONSOLIDATED STATEMENT OF INCOME

|                                | Fiscal years ended                   |                  |                  |
|--------------------------------|--------------------------------------|------------------|------------------|
|                                | (In thousands except per share data) |                  |                  |
|                                | July 28,<br>2000                     | July 30,<br>1999 | July 31,<br>1998 |
| -----                          |                                      |                  |                  |
| Net sales:                     |                                      |                  |                  |
| Restaurant                     | \$1,378,753                          | \$1,163,213      | \$1,004,702      |
| Retail                         | 393,293                              | 368,127          | 312,402          |
| -----                          |                                      |                  |                  |
| Total net sales                | 1,772,046                            | 1,531,340        | 1,317,104        |
| Franchise fees and royalties   | 666                                  | 285              | --               |
| -----                          |                                      |                  |                  |
| Total revenue                  | 1,772,712                            | 1,531,625        | 1,317,104        |
| Cost of goods sold             | 614,472                              | 538,051          | 450,120          |
| -----                          |                                      |                  |                  |
| Gross profit                   | 1,158,240                            | 993,574          | 866,984          |
| Labor & other related expenses | 645,976                              | 538,348          | 441,121          |
| Other store operating expenses | 294,012                              | 248,208          | 197,098          |
| -----                          |                                      |                  |                  |
| Store operating income         | 218,252                              | 207,018          | 228,765          |
| General and administrative     | 95,289                               | 82,006           | 63,648           |
| Amortization of goodwill       | 3,994                                | 2,169            | 208              |
| -----                          |                                      |                  |                  |
| Operating income               | 118,969                              | 122,843          | 164,909          |
| Interest expense               | 24,616                               | 11,324           | 3,026            |
| Interest income                | 352                                  | 1,319            | 2,847            |
| -----                          |                                      |                  |                  |
| Income before income taxes     | 94,705                               | 112,838          | 164,730          |
| Provision for income taxes     | 35,707                               | 42,653           | 60,594           |
| -----                          |                                      |                  |                  |
| Net income                     | \$ 58,998                            | \$ 70,185        | \$ 104,136       |
| =====                          |                                      |                  |                  |
| Net earnings per share - basic | \$ 1.02                              | \$ 1.16          | \$ 1.68          |
| =====                          |                                      |                  |                  |
| Net earnings per share-diluted | \$ 1.02                              | \$ 1.16          | \$ 1.65          |
| =====                          |                                      |                  |                  |

See notes to consolidated financial statements.

CBRL GROUP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

|   | (In thousands except per share data) |                                  |                      |                   |                                  |
|---|--------------------------------------|----------------------------------|----------------------|-------------------|----------------------------------|
|   | Common<br>Stock                      | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Treasury<br>Stock | Total<br>Shareholders'<br>Equity |
| Balances at August 1, 1997                          | \$30,533                             | \$211,850                        | \$418,049            | --                | \$660,432                        |
| Cash dividends - \$.020 per share                   | --                                   | --                               | (1,287)              | --                | (1,287)                          |
| Exercise of stock options                           | 576                                  | 24,677                           | --                   | --                | 25,253                           |
| Tax benefit realized upon exercise of stock options | --                                   | 4,340                            | --                   | --                | 4,340                            |
| Issuance of stock for Acquisition                   | 131                                  | 10,369                           | --                   | --                | 10,500                           |
| Net income  | --                                   | --                               | 104,136              | --                | 104,136                          |
| Balances at July 31, 1998                           | 31,240                               | 251,236                          | 520,898              | --                | 803,374                          |
| Cash dividends - \$.015 per share                   | --                                   | --                               | (955)                | --                | (955)                            |
| Exercise of stock options                           | 21                                   | 1,244                            | --                   | --                | 1,265                            |
| Tax benefit realized upon exercise of stock options | --                                   | 609                              | --                   | --                | 609                              |
| Purchases of treasury stock                         | --                                   | --                               | --                   | \$ (83,471)       | (83,471)                         |
| Reduction in par value of common stock              | (30,635)                             | 30,635                           | --                   | --                | --                               |
| Net income  | --                                   | --                               | 70,185               | --                | 70,185                           |
| Balances at July 30, 1999                           | 626                                  | 283,724                          | 590,128              | (83,471)          | 791,007                          |
| Cash dividends - \$.010 per share                   | --                                   | --                               | (637)                | --                | (637)                            |
| Exercise of stock options                           | 1                                    | 529                              | --                   | --                | 530                              |
| Tax benefit realized upon exercise of stock options | --                                   | 176                              | --                   | --                | 176                              |
| Purchases of treasury stock                         | --                                   | --                               | --                   | (21,104)          | (21,104)                         |
| Net income  | --                                   | --                               | 58,998               | --                | 58,998                           |
| Balances at July 28, 2000                           | \$ 627                               | \$284,429                        | \$648,489            | \$(104,575)       | \$828,970                        |

See notes to consolidated financial statements.

CBRL GROUP, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

|   | Fiscal years ended<br>(In thousands) |                  |                  |
|---|--------------------------------------|------------------|------------------|
|   | July 28,<br>2000                     | July 30,<br>1999 | July 31,<br>1998 |
| Cash flows from operating activities:   |                                      |                  |                  |
| Net income  | \$ 58,998                            | \$ 70,185        | \$104,136        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                      |                  |                  |
| Depreciation and amortization   | 65,218                               | 53,838           | 43,434           |
| Loss(gain)on disposition of property and equipment                                | 664                                  | (259)            | 227              |
| Impairment loss   | 3,887                                | --               | --               |
| Tax benefit realized upon exercise of stock options                               | 176                                  | 609              | 4,340            |
| Changes in assets and liabilities, net of effects from acquisition:               |                                      |                  |                  |
| Receivables   | (2,635)                              | (2,270)          | (356)            |
| Inventories   | (6,922)                              | (8,083)          | (17,901)         |
| Prepaid expenses  | 1,125                                | (1,516)          | (725)            |
| Other assets  | (427)                                | (5,814)          | (1,109)          |
| Accounts payable  | (4,909)                              | 25,104           | 10,196           |
| Taxes withheld and accrued  | 4,801                                | 3,316            | 3,640            |
| Income taxes payable  | 11,224                               | 798              | (1,780)          |
| Accrued employee compensation   | 14,548                               | (2,759)          | 1,818            |

|                             |       |         |       |
|-----------------------------|-------|---------|-------|
| Accrued employee benefits   | 5,688 | 5,754   | 1,860 |
| Other accrued expenses      | 773   | (1,256) | 1,345 |
| Other long-term obligations | 1,094 | --      | --    |
| Deferred income taxes       | 6,944 | 3,886   | 6,013 |

|   |         |         |         |
|---|---------|---------|---------|
| Net cash provided by operating activities | 160,247 | 141,533 | 155,138 |
|---|---------|---------|---------|

Cash flows from investing activities:

|  |           |           |           |
|--|-----------|-----------|-----------|
| Proceeds from maturities of short-term investments | --        | --        | 1,666     |
| Purchase of property and equipment                 | (138,032) | (164,718) | (180,599) |
| Cash paid for acquisition, net of cash acquired    | --        | (182,392) | (1,886)   |
| Proceeds from sale of property and equipment       | 17,333    | 3,383     | 3,141     |

|                                       |           |           |           |
|---------------------------------------|-----------|-----------|-----------|
| Net cash used in investing activities | (120,699) | (343,727) | (177,678) |
|---------------------------------------|-----------|-----------|-----------|

Cash flows from financing activities:

|   |           |           |         |
|---|-----------|-----------|---------|
| Proceeds from issuance of long-term debt                                | 444,500   | 355,000   | --      |
| Proceeds from exercise of stock options                                 | 530       | 1,265     | 25,253  |
| Principal payments under long-term debt and other long-term obligations | (467,234) | (113,976) | (3,766) |
| Treasury stock purchases  | (21,104)  | (83,471)  | --      |
| Dividends on common stock   | (637)     | (955)     | (1,287) |

|   |          |         |        |
|---|----------|---------|--------|
| Net cash (used in) provided by financing activities | (43,945) | 157,863 | 20,200 |
|---|----------|---------|--------|

|  |         |          |         |
|--|---------|----------|---------|
| Net decrease in cash and cash equivalents    | (4,397) | (44,331) | (2,340) |
| Cash and cash equivalents, beginning of year | 18,262  | 62,593   | 64,933  |

|  |           |           |           |
|--|-----------|-----------|-----------|
| Cash and cash equivalents, end of year | \$ 13,865 | \$ 18,262 | \$ 62,593 |
|--|-----------|-----------|-----------|

Supplemental disclosures of cash flow information:

Cash paid during the year for:

|              |           |           |          |
|--------------|-----------|-----------|----------|
| Interest     | \$ 26,500 | \$ 11,742 | \$ 4,748 |
| Income taxes | 19,333    | 37,846    | 52,690   |

Supplemental schedule of noncash investing and financing activities:

On February 16, 1999, the Company acquired all of the capital stock of Logan's Roadhouse, Inc. for cash of \$24 per share or approximately \$188,039. In conjunction with the acquisition, liabilities were assumed as follows:

|                                 |           |
|---------------------------------|-----------|
| Fair value of assets acquired   | \$109,367 |
| Goodwill                        | 101,172   |
| Cash paid for the capital stock | (188,039) |
| Liabilities assumed             | \$ 22,500 |

On April 1, 1998, the Company acquired all of the capital stock of Carmine's Prime Meats, Inc. for cash of \$2,500 and common stock of \$10,500.

In conjunction with the acquisition, liabilities were assumed as follows:

|   |          |
|---|----------|
| Fair value of assets acquired             | \$ 1,185 |
| Goodwill                                  | 12,450   |
| Cash paid for the capital stock           | (2,500)  |
| Common stock issued for the capital stock | (10,500) |
| Liabilities assumed                       | \$ 635   |

See notes to consolidated financial statements.

CBRL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(In thousands except share and per share data)

1. DESCRIPTION OF THE BUSINESS

CBRL Group, Inc. and its subsidiaries (the "Company") are principally engaged in the operation and development of the Cracker Barrel Old Country Store(R), Logan's Roadhouse(R) and Carmine Giardini's Gourmet Market and La Trattoria Ristorante(TM) concepts. CBRL Group, Inc. Common Stock is traded on the Nasdaq Stock Market (National Market) under the symbol CBRL.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FISCAL YEAR - The Company's fiscal year ends on the Friday nearest July 31st and each quarter consists of thirteen weeks 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.

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. Cost of retail inventory is determined by the retail inventory method.

START-UP COSTS - The Company adopted Statement of Position ("SOP" ) 98-5, "Reporting of the Costs of Startup Activities", during the first quarter of fiscal 2000. This SOP requires the Company to expense the start-up costs of a new store when incurred rather its previous practice of expensing the costs when the store opened. The adoption of SOP 98-5 did not have a material impact on the Company's 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     | 3-35  |
| Buildings under capital leases | 15-25 |
| Restaurant and other equipment | 3-10  |
| Leasehold improvements         | 3-39  |
| -----                          |       |

Accelerated depreciation methods are generally used for income tax purposes.

Interest is capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 34, "Capitalization of Interest Costs." Capitalized interest was \$1,511, \$1,827 and \$1,955 for fiscal years 2000, 1999 and 1998, 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 evaluates long-lived assets and certain identifiable intangibles to be held and used in the business for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment is determined by comparing estimated undiscounted future operating cash flows to the carrying amounts of assets on a store by store basis. If an impairment exists, the amount of impairment is measured as the sum of the estimated discounted future operating cash flows of such asset and the expected proceeds upon sale of the asset less its carrying amount. Assets held for sale are reported at the lower of carrying amount or fair value less costs to sell. During fiscal 2000, the Company's other store operating expense included impairment losses of \$3,887 related to impairment of long-lived assets in accordance with SFAS No. 121, "Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." These impairment losses consisted of certain Cracker Barrel properties no longer expected to be used for future development and for Cracker Barrel's test, retail-only mall store.

ADVERTISING - The Company generally expenses the costs of producing and communicating advertising the first time the advertising takes place. Net advertising expense was \$37,225, \$41,230 and \$30,484 for the fiscal years 2000, 1999 and 1998, respectively.

INSURANCE - The Company retains a significant portion of the risk for its workers' compensation, employee health insurance, general liability, and property coverages. Accordingly, provisions are made for the Company's actuarially determined estimates of discounted future claim costs for such risks. To the extent that subsequent claim costs vary from those estimates, current earnings are charged or credited.

CBRL GROUP, INC.

**GOODWILL** - Goodwill represents the excess of the cost over the net tangible and identifiable intangible assets of acquired businesses, is stated at cost and is amortized, on a straight-line basis over the estimated future periods to be benefited (20-30 years). On an annual basis the Company reviews the recoverability of goodwill based primarily upon an analysis of undiscounted cash flows from the acquired businesses. Accumulated amortization was \$6,370 and \$2,376 at July 28, 2000 and July 30, 1999, respectively.

**INCOME TAXES** - The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Employer tax credits for FICA taxes paid on tip income 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 8.)

**EARNINGS PER SHARE** - The Company accounts for earnings per share in accordance with SFAS No. 128, "Earnings Per Share," which requires presentation of basic and diluted earnings per share. Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings 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. Outstanding stock options issued by the Company represent the only dilutive effect reflected in diluted weighted average shares. Weighted average basic shares were 57,959,646, 60,328,593 and 61,832,435 for 2000, 1999 and 1998, respectively. Weighted average diluted shares were 58,041,290, 60,610,288 and 63,027,542 for 2000, 1999 and 1998, respectively.

**COMPREHENSIVE INCOME** - The Company accounts for comprehensive income in accordance with SFAS No. 130, "Reporting Comprehensive Income." Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income for fiscal 2000, 1999 and 1998 is equal to net income as reported.

**STOCK-BASED COMPENSATION** - SFAS No. 123, "Accounting for Stock-Based Compensation," encourages, but does not require, companies to adopt the fair value method of accounting for stock-based employee compensation. The Company has chosen to continue to account for stock-based employee compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. (See Note 6.)

**SEGMENT REPORTING** - The Company accounts for its segments 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. The Company primarily operates restaurants under the Cracker Barrel Old Country Store(R) and Logan's Roadhouse(R) brands. These two brands have similar investment criteria, customer demographics and economic and operating characteristics. Therefore, the Company has one reportable operating segment. (See Note 9.)

**USE OF ESTIMATES** - Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities to prepare these consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

**RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED** - In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued, but was subsequently amended by SFAS Nos. 137 and 138. These statements specify how to report and display derivative instruments and hedging activities and are effective for fiscal years beginning after June 15, 2000. The Company adopted these statements in the first quarter of fiscal 2001. The adoption of these statements did not have a material effect on the Company's consolidated financial statements. On December 3, 1999, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements". Its effective date was subsequently amended by the SEC through the issuance of SAB Nos. 101A and 101B. SAB No. 101 must now be adopted by the fourth quarter of fiscal years beginning after December 15, 1999. SAB No. 101 summarizes certain of the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company does not expect the adoption of SAB No. 101 to have a material effect

on its consolidated financial statements.

RECLASSIFICATIONS - Certain reclassifications have been made in the fiscal 1999 and 1998 consolidated financial statements to conform to the classifications used in fiscal 2000.

CBRL GROUP, INC.

3. INVENTORIES

Inventories were composed of the following at:

|            | July 28,<br>2000 | July 30,<br>1999 |
|------------|------------------|------------------|
| Retail     | \$ 81,200        | \$ 77,662        |
| Restaurant | 16,083           | 14,522           |
| Supplies   | 10,094           | 8,271            |
| Total      | \$107,377        | \$100,455        |

4. DEBT

Long-term debt consisted of the following at:

|  | July 28,<br>2000 | July 30,<br>1999 |
|--|------------------|------------------|
| Term Loan payable on or before<br>December 1, 2001 (8.59% at July 28, 2000<br>and 7.11% at July 30, 1999)  | \$ 50,000        | \$ 50,000        |
| Revolving Credit Facility payable on or before<br>December 31, 2003 (rates ranging from 8.38% to<br>9.50% at July 28, 2000 and 6.07% to 6.58% at<br>July 30, 1999)                   | 242,000          | 255,000          |
| 9.53% Senior Notes Payable in annual<br>installments of varying amounts from<br>January 15, 1994 to January 15, 2002,<br>with a final installment of \$2,000<br>due January 15, 2003 | --               | 9,500            |
| Less current maturities  | --               | 2,500            |
| Long-term debt   | \$292,000        | \$312,000        |

The financial covenants related to the Term Loan and the Revolving Credit Facility require that the Company maintain an interest coverage ratio of 2.5 to 1.0, a lease adjusted funded debt to total capitalization ratio not to exceed 0.4 to 1.0 and a lease adjusted funded debt to EBITDAR (earnings before interest expense, income taxes, depreciation and amortization and rent expense) ratio not to exceed 2.5 to 1.0. At July 28, 2000 and July 30, 1999, the Company was in compliance with all covenants.

The aggregate maturities of long-term debt subsequent to July 28, 2000 are as follows (see Note 13):

Fiscal year

|       |           |
|-------|-----------|
| 2001  | \$ --     |
| 2002  | 50,000    |
| 2003  | --        |
| 2004  | 242,000   |
| Total | \$292,000 |

5. COMMON STOCK

During fiscal 1999 and 1996 the Board of Directors granted certain executive officers upon their employment a total of 25,000 and 37,000 restricted shares, respectively which vest over five years. In fiscal 1999 another executive officer was granted 4,100 restricted shares which vest over three years. In fiscal 2000 two executive officers were granted a total of 39,000 restricted shares which vest over five years. One of the executive

officers hired in fiscal 1996 left the Company in fiscal 1999 and forfeited 12,800 restricted shares. The executive officer hired in fiscal 1999 left the Company in fiscal 2000 and forfeited 20,000 restricted shares. The Company's compensation expense for these restricted shares was \$70, \$135 and \$150 in fiscal 2000, 1999 and 1998, respectively. The fair value of the restricted shares granted during fiscal 2000 was \$12.33 per share.

#### 6. STOCK OPTION PLANS

The Company's employee stock option plans are administered by the Compensation and Stock Option Committee (the "Committee"). Members of the Committee are appointed by the Board of Directors and consist of members of the Board of Directors. The Committee is authorized to determine, at time periods within its discretion and subject to the direction of the Board, which key employees shall be granted options, the number of shares covered by the options granted to each, and within applicable limits, the terms and provisions relating to the exercise of such options.

On May 25, 2000, the Board of Directors approved a new stock option plan for employees who are not officers or directors of the Company. The new plan is known as the CBRL Group, Inc. 2000 Non-Executive Stock Option Plan ("Employee Plan"). The Committee is currently authorized to grant options to purchase an aggregate of 2,000,000 shares of the Company's common stock under the Employee Plan. The option price per share under the Employee 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 are generally intended to become exercisable each year on a

#### CBRL GROUP, INC.

cumulative basis at a rate of 33% of the total shares covered by the option beginning one year from the date of grant, to expire ten years from the date of grant and to be non-transferable. At July 28, 2000, there were no shares granted under the Employee Plan.

As of July 28, 2000, the Committee is authorized to grant options to purchase an aggregate of 19,525,702 shares of the Company's common stock, including the 2,000,000 shares under the Employee Plan. At July 28, 2000, there were 3,582,319 shares of unissued common stock reserved for issuance under all employee stock option plans. The option price per share under the employee stock option plans 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 are generally exercisable each year on a cumulative basis at a rate of 33% of the total number of shares covered by the option beginning one year from the date of grant, expire ten years from the date of grant and are non-transferable. During fiscal 2000, a long-term incentive award was granted to certain officers, which included stock options. The options granted under this award vest at the end of five years after the grant (subject to earlier vesting upon accomplishments of specified Company performance goals), expire six months after vesting and are non-transferable.

In fiscal 1989, the Board of Directors adopted the 1989 Non-employee Plan ("Directors Plan") for non-employee directors. 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 is authorized to be issued under this plan. Due to the overall plan limit, no shares have been granted under this plan since fiscal 1994.

A summary of the status of the Company's stock option plans for fiscal 2000, 1999 and 1998, and changes during those years is presented below:

| (Shares in thousands)            | 2000    |                        | 1999   |                        | 1998    |                        |
|----------------------------------|---------|------------------------|--------|------------------------|---------|------------------------|
|                                  | Shares  | Weighted-Average Price | Shares | Weighted-Average Price | Shares  | Weighted-Average Price |
| Outstanding at beginning of year | 7,714   | \$23.94                | 5,816  | \$24.18                | 5,647   | \$21.90                |
| Granted                          | 3,253   | 13.85                  | 2,888  | 23.24                  | 1,601   | 31.00                  |
| Exercised                        | (67)    | 7.04                   | (107)  | 10.82                  | (1,146) | 22.40                  |
| Forfeited or canceled            | (1,270) | 22.12                  | (883)  | 24.83                  | (286)   | 24.40                  |
| Outstanding at end of year       | 9,630   | 20.89                  | 7,714  | 23.94                  | 5,816   | 24.18                  |

|  |       |         |       |         |       |         |
|--|-------|---------|-------|---------|-------|---------|
| Options exercisable at year-end  | 5,075 | 23.56   | 3,867 | 23.04   | 3,453 | 21.76   |
| =====  |       |         |       |         |       |         |
| Weighted-average fair value per share of options granted during the year |       | \$ 6.65 |       | \$10.32 |       | \$12.89 |

The following table summarizes information about fixed stock options outstanding at July 28, 2000:

(Shares in thousands)

| Range of Exercise Prices | Options Outstanding           |   |                                 | Options Exercisable           |                                 |  |
|--------------------------|-------------------------------|---|---------------------------------|-------------------------------|---------------------------------|--|
|                          | Number Outstanding at 7/28/00 | Weighted-Average Remaining Contractual Life | Weighted-Average Exercise Price | Number Exercisable at 7/28/00 | Weighted-Average Exercise Price |  |
| \$ 5.09 - 10.00          | 228                           | 2.52  | \$ 7.03                         | 185                           | \$ 6.42                         |  |
| 10.01 - 20.00            | 4,495                         | 8.03  | 15.42                           | 1,344                         | 18.20                           |  |
| 20.01 - 30.00            | 3,818                         | 5.65  | 25.27                           | 2,820                         | 25.33                           |  |
| 30.01 - 31.75            | 1,089                         | 7.16  | 31.01                           | 726                           | 31.01                           |  |
| -----                    |                               |   |                                 |                               |                                 |  |
| \$ 5.09 - 31.75          | 9,630                         | 6.86  | 20.89                           | 5,075                         | 23.56                           |  |
| =====                    |                               |   |                                 |                               |                                 |  |

Had the fair value of options granted under these plans beginning in fiscal 1996 been recognized as compensation expense on a straight-line basis over the vesting period of the grant, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

|                         | 2000     | 1999     | 1998      |
|-------------------------|----------|----------|-----------|
| -----                   |          |          |           |
| Net income:             |          |          |           |
| As reported             | \$58,998 | \$70,185 | \$104,136 |
| Pro forma               | 46,792   | 58,831   | 95,442    |
| Net earnings per share: |          |          |           |
| As reported - diluted   | 1.02     | 1.16     | 1.65      |
| Pro forma - diluted     | .81      | .97      | 1.51      |
| =====                   |          |          |           |

#### CBRL GROUP, INC.

The pro forma effect on net income for 2000, 1999 and 1998 is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to 1996.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in fiscal 2000, 1999 and 1998: dividend yield of 0.2%, 0.1% and 0.1%, respectively; expected volatility of 40, 38 and 36 percent, respectively; risk-free interest rate ranges of 6.0% to 6.7%, 4.5% to 5.9% and 5.8% to 6.0%; and expected lives of six, six and five years, respectively.

The Company recognizes a tax deduction upon exercise of non-qualified stock options in an amount equal to the difference between the option price and the fair market value of the common stock. These tax benefits are credited to Additional Paid-In Capital.

#### 7. ACQUISITIONS

On February 16, 1999, the Company acquired all of the capital stock of Logan's Roadhouse, Inc. for cash of approximately \$188,039, excluding transaction costs. The acquisition has been accounted for using the purchase method of accounting, and accordingly, the purchase price has been allocated to the assets purchased and the liabilities assumed based upon the fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was \$101,172 and has been recorded as goodwill, which is being amortized on a straight-line basis over its estimated useful life, 30 years. The amount of goodwill amortization in 2000 and 1999 were \$3,372 and \$1,546, respectively.

The net purchase price was allocated as follows:

|                                      |          |
|--------------------------------------|----------|
| Current assets, net of cash acquired | \$ 3,329 |
|--------------------------------------|----------|

|                                      |           |
|--------------------------------------|-----------|
| Property and equipment               | 97,621    |
| Other assets                         | 286       |
| Goodwill                             | 101,172   |
| Liabilities assumed                  | (20,016)  |
| -----                                |           |
| Purchase price, net of cash received | \$182,932 |
| =====                                |           |

The operating results of this acquired business have been included in the consolidated statement of income from the date of acquisition. On the basis of a proforma consolidation of the results of operations as if the acquisition had taken place at the beginning of fiscal 1998 rather than at February 16, 1999, consolidated revenue, pretax income, net income and earnings per share would not have been materially different from the reported amounts for fiscal 1998 and 1999 and are shown in the table below. Such proforma amounts are not necessarily indicative of what the actual consolidated results of operations might have been if the acquisition had been effective at the beginning of fiscal 1998.

|                      | Fiscal years ended |               |
|----------------------|--------------------|---------------|
|                      | July 30, 1999      | July 31, 1998 |
| -----                |                    |               |
| Consolidated revenue | \$1,583,628        | \$1,399,225   |
| Pretax income        | 111,577            | 161,330       |
| Net income           | 68,767             | 100,746       |
| Earnings per share:  |                    |               |
| Basic                | \$1.14             | \$1.63        |
| Diluted              | \$1.13             | \$1.60        |
| =====                |                    |               |

On April 1, 1998, the Company acquired all of the capital stock of Carmine's Prime Meats, Inc. for cash of \$2,500 and common stock of \$10,500. The acquisition has been accounted for using the purchase method of accounting, and accordingly, the purchase price has been allocated to the assets purchased and the liabilities assumed based upon fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was \$12,450 and has been recorded as goodwill, which is being amortized on a straight-line basis over its estimated useful life, 20 years. The amounts of goodwill amortization in 2000, 1999 and 1998 were \$622, \$623 and \$208, respectively.

The net purchase price was allocated as follows:

|  |          |
|--|----------|
| Current assets, other than cash acquired | \$ 439   |
| Property and equipment                   | 117      |
| Other assets                             | 15       |
| Goodwill                                 | 12,450   |
| Liabilities assumed                      | (635)    |
| -----                                    |          |
| Purchase price, net of cash received     | \$12,386 |
| =====                                    |          |

#### CBRL GROUP, INC.

The operating results of this acquired business have been included in the consolidated statements of income from the date of the acquisition, and proforma consolidation of the results of operations would not have been materially different from the reported amounts for fiscal 1998 if such proforma results were presented as if the acquisition occurred at the beginning of fiscal 1998 instead of April 1, 1998.

#### 8. 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,<br>2000 | July 30,<br>1999 |
|-------|------------------|------------------|
| ----- |                  |                  |

Deferred tax assets:

|   |          |          |
|---|----------|----------|
| Financial accruals without economic performance | \$12,364 | \$ 9,706 |
| Other   | 4,767    | 4,772    |
| -----   |          |          |
| Deferred tax assets                             | 17,131   | 14,478   |
| -----   |          |          |
| Deferred tax liabilities:                       |          |          |
| Excess tax depreciation over book               | 39,120   | 31,308   |
| Other   | 12,417   | 10,632   |
| -----   |          |          |
| Deferred tax liabilities                        | 51,537   | 41,940   |
| -----   |          |          |
| Net deferred tax liability                      | \$34,406 | \$27,462 |
| =====   |          |          |

The Company provided no valuation allowance against deferred tax assets recorded as of July 28, 2000 and July 30, 1999, 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 fiscal years were as follows:

|                            |          |          |          |
|----------------------------|----------|----------|----------|
|                            | 2000     | 1999     | 1998     |
| -----                      |          |          |          |
| Current:                   |          |          |          |
| Federal                    | \$24,933 | \$32,534 | \$48,224 |
| State                      | 4,216    | 6,233    | 6,357    |
| Deferred                   | 6,558    | 3,886    | 6,013    |
| -----                      |          |          |          |
| Total income tax provision | \$35,707 | \$42,653 | \$60,594 |
| =====                      |          |          |          |

A reconciliation of the provision for income taxes as reported 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:

|   |          |          |          |
|---|----------|----------|----------|
|   | 2000     | 1999     | 1998     |
| -----   |          |          |          |
| Provision computed at federal statutory income tax rate | \$33,147 | \$39,497 | \$57,655 |
| State and local income taxes, net of federal benefit    | 3,208    | 3,103    | 3,212    |
| Amortization of goodwill and acquisition costs          | 1,398    | 770      | 73       |
| Employer tax credits for FICA taxes paid on tip income  | (2,889)  | (2,281)  | (1,711)  |
| Other-net   | 843      | 1,564    | 1,365    |
| -----   |          |          |          |
| Total income tax provision                              | \$35,707 | \$42,653 | \$60,594 |
| =====   |          |          |          |

#### 9. SEGMENT INFORMATION

The Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" in fiscal 1999. The Company operates restaurants under the Cracker Barrel Old Country Store and Logan's Roadhouse brands. These two brands have similar investment criteria and economic and operating characteristics. The Company also operates units under the Carmine Giardini Gourmet Market and La Trattoria Ristorante brand which are a combination gourmet market and full-service Italian restaurant under one roof. This operating segment is not material to the Company. Therefore, the Company believes it has one reportable operating segment. The following data is presented in accordance with SFAS No. 131 for all periods presented.

#### CBRL GROUP, INC.

|                               |                    |             |             |
|-------------------------------|--------------------|-------------|-------------|
|                               | Fiscal Years Ended |             |             |
|                               | July 28,           | July 30,    | July 31,    |
| Sales in Company-Owned Stores | 2000               | 1999        | 1998        |
| -----                         |                    |             |             |
| Cracker Barrel - restaurant   | \$1,196,680        | \$1,090,296 | \$1,003,946 |
| Cracker Barrel - retail       | 382,932            | 358,577     | 309,923     |
| -----                         |                    |             |             |
| Cracker Barrel - total        | \$1,579,612        | \$1,448,873 | \$1,313,869 |

|                    |             |             |             |
|--------------------|-------------|-------------|-------------|
| Carmine Giardini's | 14,137      | 12,609      | 3,235       |
| Logan's Roadhouse  | 178,297     | 69,858      | -           |
| -----              |             |             |             |
| Total Net Sales    | \$1,772,046 | \$1,531,340 | \$1,317,104 |
| =====              |             |             |             |

10. COMMITMENTS AND CONTINGENCIES

The Company's Cracker Barrel Old Country Store, Inc. subsidiary is involved in certain lawsuits, two of which are not ordinary routine litigation incidental to its business: Serena McDermott and Jennifer Gentry v. Cracker Barrel Old Country Store, Inc., a collective action under the federal Fair Labor Standards Act ("FLSA"), was served on Cracker Barrel on May 3, 1999; and Kelvis Rhodes, Maria Stokes et al. v. Cracker Barrel Old Country Store, Inc., an action under Title VII of the Civil Rights Act of 1964 and Section 1 of the Civil Rights Act of 1866, was served on Cracker Barrel on September 15, 1999. The McDermott case alleges that certain tipped hourly employees were required to perform non-serving duties without being paid the minimum wage or overtime compensation for that work. The McDermott case seeks recovery of unpaid wages and overtime wages related to those claims. The Rhodes case seeks certification as a class action, a declaratory judgment to redress an alleged systemic pattern and practice of racial discrimination in employment opportunities, an order to effect certain hiring and promotion goals and back pay and other monetary damages.

On March 17, 2000, the Court granted the plaintiffs' motion in the McDermott case to send notice to a provisional class of plaintiffs. The Court defined the provisional class as all persons employed as servers and all second-shift hourly employees at Cracker Barrel Old Country Store restaurants since January 4, 1996. Unless the case is resolved, a Court approved notice will be sent to the defined class members, who will have 30 days following the date of the notice to decide whether to participate in the lawsuit. The number of persons who will be sent notice has not been determined. Because of the provisional status of the plaintiff class, the Court could subsequently amend its decision. If amended, the scope of the class could either be reduced or increased or, if appropriate, the Court could dismiss the collective aspects of the case entirely.

Cracker Barrel Old Country Store, Inc. believes it has substantial defenses to the claims made, and it is defending each of these cases vigorously. The parties are engaged in mediation, currently focused on the FLSA claims, but the mediation process is confidential and the parties cannot comment on the process or the status of their discussions. Because only limited discovery has occurred to date, neither the likelihood of an unfavorable outcome nor the amount of ultimate liability, if any, with respect to these cases can be determined at this time. Accordingly, no provision for any potential liability has been made in the consolidated financial statements of the Company.

In addition to the litigation described in the preceding paragraphs, the Company is a party to other legal proceedings incidental to its business. In the opinion of management, based upon information currently available, the ultimate liability with respect to these other actions will not materially affect the Company's consolidated financial statements.

The Company maintains insurance coverage for various aspects of its business and operations. The Company has elected, however, to retain 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.

As of July 28, 2000, the Company operates 27 Cracker Barrel stores, 23 Logan's Roadhouse restaurants and all three Carmine's units from leased facilities and also leases certain land and advertising billboards. (See Note 13.) These leases have been classified as either capital or operating leases in accordance with the criteria contained in SFAS No. 13, "Accounting for Leases." The interest rates for capital leases vary from 10% to 17%. 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 contingent lease payments based upon sales volume in excess of specified minimum levels.

CBRL GROUP, INC.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of July 28, 2000:

Fiscal year

-----

|  |        |
|--|--------|
| 2001   | \$ 303 |
| 2002   | 197    |
| 2003   | 147    |
| 2004   | 147    |
| 2005   | 147    |
| Later years                                    | 253    |
| -----  |        |
| Total minimum lease payments                   | 1,194  |
| Less amount representing interest              | 326    |
| -----  |        |
| Present value of minimum lease payments        | 868    |
| Less current portion                           | 200    |
| -----  |        |
| Long-term portion of capital lease obligations | \$ 668 |
| =====  |        |

The following is a schedule by years of the future minimum rental payments required under noncancelable operating leases, excluding leases for advertising billboards, as of July 28, 2000:

|             |          |
|-------------|----------|
| Fiscal Year |          |
| -----       |          |
| 2001        | \$ 6,248 |
| 2002        | 6,236    |
| 2003        | 6,115    |
| 2004        | 6,077    |
| 2005        | 5,923    |
| Later years | 63,332   |
| -----       |          |
| Total       | \$93,931 |
| =====       |          |

The following is a schedule by years of the future minimum rental payments required under noncancelable operating leases for advertising billboards as of July 28, 2000:

|             |          |
|-------------|----------|
| Fiscal year |          |
| -----       |          |
| 2001        | \$11,717 |
| 2002        | 4,343    |
| 2003        | 2,029    |
| 2004        | -        |
| 2005        | -        |
| Later years | -        |
| -----       |          |
| Total       | \$18,089 |
| =====       |          |

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

|       | Minimum  | Contingent | Total    |
|-------|----------|------------|----------|
| ----- |          |            |          |
| 2000  | \$25,933 | \$689      | \$26,622 |
| 1999  | 20,343   | 726        | 21,069   |
| 1998  | 16,299   | 779        | 17,078   |

#### 11. EMPLOYEE SAVINGS PLAN

The Company has an employee savings plan which provides for retirement benefits for eligible employees. The plan is funded by elective employee contributions up to 16% of their compensation and the Company matches 25% of employee contributions for each participant up to 6% of the employee's compensation. The Company contributed \$1,397, \$1,356 and \$1,250 for fiscal 2000, 1999 and 1998, respectively.

12. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for fiscal 2000 and 1999 are summarized as follows:

|                                     | 1st<br>Quarter | 2nd<br>Quarter* | 3rd<br>Quarter | 4th<br>Quarter |
|-------------------------------------|----------------|-----------------|----------------|----------------|
| -----                               |                |                 |                |                |
| 2000                                |                |                 |                |                |
| Total revenue                       | \$422,607      | \$443,170       | \$435,986      | \$470,949      |
| Gross profit                        | 276,848        | 280,281         | 287,856        | 313,255        |
| Income before income<br>taxes       | 23,605         | 9,881           | 23,184         | 38,035         |
| Net income                          | 14,472         | 6,390           | 14,443         | 23,693         |
| Net earnings per<br>share - diluted | .25            | .11             | .25            | .42            |
| -----                               |                |                 |                |                |
| 1999                                |                |                 |                |                |
| Total revenue                       | \$351,496      | \$367,927       | \$385,537      | \$426,665      |
| Gross profit                        | 232,735        | 228,469         | 255,957        | 276,413        |
| Income before income<br>taxes       | 41,415         | 27,070          | 23,706         | 20,647         |
| Net income                          | 26,133         | 17,083          | 14,692         | 12,277         |
| Net earnings per<br>share - diluted | .42            | .28             | .25            | .21            |
| -----                               |                |                 |                |                |

\*The Company recorded charges of \$8,592 before taxes during the quarter ended January 28, 2000 principally as a result of management changes and the resulting refocused operating priorities. See Note 2 to the Company's Consolidated Financial Statements.

13. SUBSEQUENT EVENT

On July 31, 2000, the Company, through its Cracker Barrel Old Country Store, Inc. subsidiary, completed a sale-leaseback transaction involving 65 of its owned Cracker Barrel Old Country Store units. Under the transaction, the land, buildings and building improvements at the locations were sold for net consideration of \$138.3 million and have been 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. Net rent expense during the initial term will be approximately \$15.0 million annually, and the assets sold and leased back previously had depreciation expense of approximately \$2.7 million annually. The gain on the sale will be amortized over the initial lease term of 21 years. Net proceeds from the sale were used to reduce outstanding borrowing under the Company's revolving credit facility, and the commitment under that facility was reduced by \$70 million to \$270 million.

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 CBRL GROUP, INC.  
 Independent Auditors' Report

To the Shareholders of CBRL Group, Inc.:

We have audited the accompanying consolidated balance sheet of CBRL Group, Inc. and subsidiaries (the "Company") as of July 28, 2000, and July 30, 1999 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, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consolidated financial position of the Company at July 28, 2000 and July 30, 1999, and the results of its operations and its cash flows for each of the three fiscal years in the period ended July 28, 2000, in conformity with the accounting principles generally accepted in the United States of America.

Nashville, Tennessee  
September 7, 2000

Subsidiaries of the Registrant

The following is a list of the significant subsidiaries of the Registrant as of July 28, 2000, all of which are wholly-owned:

| Parent<br>- - - - -                    | State of<br>Incorporation<br>- - - - - |
|--|--|
| CBRL Group, Inc.                       | Tennessee                              |
| Subsidiaries<br>- - - - -              |  |
| Cracker Barrel Old Country Store, Inc. | Tennessee                              |
| Logan's Roadhouse, Inc.                | Tennessee                              |
| CBOCS Distribution, Inc.               | Tennessee                              |
| CBOCS General Partnership              | Michigan                               |
| CBOCS Michigan, Inc.                   | Michigan                               |
| CBOCS West, Inc.                       | Nevada                                 |
| Rocking Chair, Inc.                    | Nevada                                 |

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567, 33-45482, 333-01465 and 333-81063 of CBRL Group, Inc. on Form S-8 and Registration Statement Nos. 33-59582 and 333-74363 on Form S-3 of our report dated September 7, 2000, appearing in and incorporated by reference in the Annual Report on Form 10-K of CBRL Group, Inc. for the year ended July 28, 2000.

/s/ DELOITTE & TOUCHE LLP

Nashville, Tennessee  
October 25, 2000

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENT OF CBRL GROUP, INC. AND SUBSIDIARIES FOR THE YEAR ENDED JULY 28, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.

1,000

|             |           |  |
|-------------|-----------|--|
|             | 12-MOS    |  |
| JUL-28-2000 |           |  |
| JUL-31-1999 |           |  |
| JUL-28-2000 |           |  |
|             | 13,865    |  |
|             | 0         |  |
|             | 11,570    |  |
|             | 0         |  |
|             | 107,377   |  |
| 144,035     |           |  |
|             | 1,349,799 |  |
|             | 274,665   |  |
| 1,335,023   |           |  |
| 173,578     |           |  |
|             | 292,000   |  |
| 0           |           |  |
|             | 0         |  |
|             | 627       |  |
| 1,335,023   | 828,343   |  |
|             | 1,772,046 |  |
| 1,772,712   |           |  |
|             | 614,472   |  |
|             | 939,988   |  |
|             | 99,283    |  |
|             | 0         |  |
| 24,616      |           |  |
|             | 94,705    |  |
|             | 35,707    |  |
| 58,998      |           |  |
|             | 0         |  |
|             | 0         |  |
|             | 0         |  |
|             | 58,998    |  |
|             | 1.02      |  |
|             | 1.02      |  |