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

FORM 10-Q

(Mark One)
☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended January 27, 2012

OR

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from______________ to ________________

Commission file number: 001-25225

Cracker Barrel Old Country Store, Inc.

(Exact name of registrant as specified in its charter)

Tennessee (State or other jurisdiction of incorporation or organization)	62-0812904 (I.R.S. Employer Identification Number)
305 Hartmann Drive, P.O. Box 787 Lebanon, Tennessee (Address of principal executive offices)	37088-0787 (Zip code)

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

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

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

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

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

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

22,993,634 Shares of Common Stock
Outstanding as of February 15, 2012

CRACKER BARREL OLD COUNTRY STORE, INC.

FORM 10-Q

For the Quarter Ended January 27, 2012

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PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

ASSETS	January 27, 2012	July 29, 2011*
Current Assets:		
Cash and cash equivalents	$ 119,385	$ 52,274
Property held for sale	884	950
Accounts receivable	16,991	12,279
Income taxes receivable	--	7,898
Inventories	127,176	141,547
Prepaid expenses and other current assets	14,707	9,000
Deferred income taxes	21,494	21,967
Total current assets	300,637	245,915
Property and equipment	1,707,752	1,673,873
Less: Accumulated depreciation and amortization of capital leases	692,518	664,709
Property and equipment – net	1,015,234	1,009,164
Other assets	54,458	55,805
Total assets	$ 1,370,329	$ 1,310,884
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 93,592	$ 99,679
Current maturities of long-term debt and other long-term obligations	9,490	123
Income taxes payable	5,173	--
Accrued interest expense	10,059	7,857
Deferred revenue	54,895	32,630
Other current liabilities	122,475	126,814
Total current liabilities	295,684	267,103
Long-term debt	540,715	550,143
Interest rate swap liability	45,050	51,604
Other long-term obligations	101,401	105,661
Deferred income taxes	67,084	68,339
Commitments and Contingencies (Note 13)		
Shareholders' Equity:		
Preferred stock – 100,000,000 shares of $.01 par value authorized; no shares issued	--	--
Common stock – 400,000,000 shares of $.01 par value authorized; 22,992,183 shares issued and outstanding at January 27, 2012, and 22,840,974 shares issued and outstanding at July 29, 2011	230	228
Additional paid-in capital	15,317	7,081
Accumulated other comprehensive loss	(31,670)	(38,032)
Retained earnings	336,518	298,757
Total shareholders' equity	320,395	268,034
Total liabilities and shareholders' equity	$ 1,370,329	$ 1,310,884

See Notes to unaudited Condensed Consolidated Financial Statements.

* This Condensed Consolidated Balance Sheet has been derived from the audited Consolidated Balance Sheet as of July 29, 2011, as filed in the Company's Annual Report on Form 10-K for the fiscal year ended July 29, 2011.

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

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Total revenue	$ 673,234	$ 640,277	$ 1,271,671	$ 1,238,968
Cost of goods sold	235,391	219,390	421,698	399,143
Gross profit	437,843	420,887	849,973	839,825
Labor and other related expenses	234,933	223,182	455,901	447,786
Other store operating expenses	119,136	112,164	228,180	224,123
Store operating income	83,774	85,541	165,892	167,916
General and administrative expenses	36,437	33,068	73,931	69,944
Impairment and store dispositions, net	--	1	--	84
Operating income	47,337	52,472	91,961	97,888
Interest expense	11,025	11,830	22,160	23,544
Income before income taxes	36,312	40,642	69,801	74,344
Provision for income taxes	10,703	11,865	20,390	21,833
Net income	$ 25,609	$ 28,777	$ 49,411	$ 52,511
Net income per share:				
Basic	$ 1.11	$ 1.24	$ 2.16	$ 2.28
Diluted	$ 1.10	$ 1.20	$ 2.13	$ 2.21
Weighted average shares:				
Basic	22,968,002	23,237,493	22,919,451	23,034,943
Diluted	23,306,177	23,919,251	23,225,963	23,756,567
Dividends declared per share	$ 0.25	$ 0.22	$ 0.50	$ 0.44

See Notes to unaudited Condensed Consolidated Financial Statements.

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

	Six Months Ended January 27, 2012	Six Months Ended January 28, 2011
Cash flows from operating activities:		
Net income	$ 49,411	$ 52,511
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,339	30,454
Loss on disposition of property and equipment	1,258	1,693
Share-based compensation	5,946	4,919
Excess tax benefit from share-based compensation	(155)	(2,294)
Changes in assets and liabilities:		
Inventories	14,371	13,555
Other current assets	(2,521)	(11,627)
Accounts payable	(6,087)	(27,794)
Accrued employee compensation	3,060	(17,515)
Deferred revenue	22,265	20,929
Other current liabilities	(697)	(12,539)
Other long-term assets and liabilities	(4,231)	5,013
Net cash provided by operating activities	113,959	57,305
Cash flows from investing activities:		
Purchase of property and equipment	(38,835)	(40,567)
Proceeds from sale of property and equipment	477	265
Proceeds from insurance recoveries of property and equipment	116	92
Net cash used in investing activities	(38,242)	(40,210)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	92,600	110,700
Principal payments under long-term debt and other long-term obligations	(92,676)	(114,188)
Proceeds from exercise of share-based compensation awards	2,137	20,343
Excess tax benefit from share-based compensation	155	2,294
Purchases and retirement of common stock	--	(10,997)
Dividends on common stock	(10,822)	(9,698)
Net cash used in financing activities	(8,606)	(1,546)
Net increase in cash and cash equivalents	67,111	15,549
Cash and cash equivalents, beginning of period	52,274	47,700
Cash and cash equivalents, end of period	$ 119,385	$ 63,249
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized	$ 18,916	$ 22,195
Income taxes	$ 6,412	$ 21,639
Supplemental schedule of non-cash financing activity:		
Change in fair value of interest rate swaps	$ 6,554	$ 10,654
Change in deferred tax asset for interest rate swaps	$ (192)	$ (1,078)

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

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

1. Condensed Consolidated Financial Statements

Cracker Barrel Old Country Store, Inc. and its affiliates (collectively, in these Notes to Condensed Consolidated Financial Statements, the "Company") are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® ("Cracker Barrel") concept.

On December 20, 2011, the Company's shareholders approved an agreement and plan of merger (the "merger agreement") effecting an internal restructuring of the Company through merger of Cracker Barrel Old Country Store, Inc. ("Holdco") with and into CBOCS, Inc., a wholly-owned subsidiary of Holdco, effective as of December 23, 2011. At the effective time of the merger, the name of CBOCS, Inc., the surviving corporation in the merger, was changed to Cracker Barrel Old Country Store, Inc. Pursuant to the merger agreement, the outstanding shares of Holdco's common stock, par value $0.01 per share, were converted into an equivalent number of shares of the surviving corporation's common stock and were owned directly by the Company's shareholders in the same proportion as their ownership of Holdco immediately prior to the merger. The Company's common stock continues to be listed on The NASDAQ Global Select Market under the same ticker symbol, "CBRL." The merger did not result in any material changes in the business, offices, assets, liabilities, obligations, net worth, directors, officers or employees of Holdco.

The condensed consolidated balance sheets at January 27, 2012 and July 29, 2011 and the related condensed consolidated statements of income and cash flows for the quarters and/or six-month periods ended January 27, 2012 and January 28, 2011, have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") without audit. In the opinion of management, all adjustments (consisting of normal and recurring items) necessary for a fair presentation of such condensed consolidated financial statements have been made. The results of operations for any interim period are not necessarily indicative of results for a full year.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended July 29, 2011 (the "2011 Form 10-K"). The accounting policies used in preparing these condensed consolidated financial statements are the same as described in the 2011 Form 10-K. References in these Notes to Condensed Consolidated Financial Statements to a year are to the Company's fiscal year unless otherwise noted.

Recent Accounting Pronouncements Not Yet Adopted

Fair Value Measurement and Disclosure Requirements

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

Presentation of Comprehensive Income

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

Disclosures about Offsetting Assets and Liabilities

In December 2011, the FASB issued accounting guidance which requires companies to disclose information about the nature of their rights of setoff and related arrangements associated with their financial instruments and derivative instruments to enable users of financial statements to understand the effect of those arrangements on their financial position. Each company will be required to provide both net and gross information in the notes to its financial statements for relevant assets and liabilities that are eligible for offset. This guidance is effective for fiscal years beginning on or after January 1, 2013 on a retrospective basis. The Company does not expect that the adoption of this accounting guidance in the first quarter of 2014 will have a significant impact on its Consolidated Financial Statements.

2. Fair Value Measurements

The Company's assets and liabilities measured at fair value on a recurring basis at January 27, 2012 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of January 27, 2012
Cash equivalents*	$ 72,926	$ --	$ --	$ 72,926
Deferred compensation plan assets**	28,748	--	--	28,748
Total assets at fair value	$ 101,674	$ --	$ --	$ 101,674
Interest rate swap liability (see Note 5)	$ --	$ 45,050	$ --	$ 45,050
Total liabilities at fair value	$ --	$ 45,050	$ --	$ 45,050

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of July 29, 2011
Cash equivalents*	$ 29,548	$ --	$ --	$ 29,548
Deferred compensation plan assets**	29,665	--	--	29,665
Total assets at fair value	$ 59,213	$ --	$ --	$ 59,213
Interest rate swap liability (see Note 5)	$ --	$ 51,604	$ --	$ 51,604
Total liabilities at fair value	$ --	$ 51,604	$ --	$ 51,604

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

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

The fair values of the Company's accounts receivable and accounts payable approximate their carrying amounts because of their short duration. The fair value of the Company's variable rate debt, based on quoted market prices, approximates its carrying amount at January 27, 2012 and July 29, 2011.

3. Inventories

Inventories were comprised of the following at:

	January 27, 2012	July 29, 2011
Retail	$ 92,311	$ 108,829
Restaurant	20,435	19,200
Supplies	14,430	13,518
Total	$ 127,176	$ 141,547

4. Debt

Long-term debt consisted of the following at:

	January 27, 2012	July 29, 2011
Revolving credit facility expiring on July 8, 2016	$ 318,750	$ 318,750
Term loan payable on or before July 8, 2016	231,250	231,250
Note payable	195	246
	550,195	550,246
Current maturities	(9,480)	(103)
Long-term debt	$ 540,715	$ 550,143

The Company's $750,000 credit facility (the "Credit Facility") consists of a term loan and a $500,000 revolving credit facility ("the Revolving Credit Facility"). At January 27, 2012, the Company had $318,750 of outstanding borrowings under the Revolving Credit Facility and $28,606 of standby letters of credit, which reduce the Company's availability under the Revolving Credit Facility (see Note 13). At January 27, 2012, the Company had $152,644 in borrowing availability under the Revolving Credit Facility.

In accordance with the Credit Facility, outstanding borrowings bear interest, at the Company's election, either at LIBOR or prime plus a percentage point spread based on certain specified financial ratios. As of January 27, 2012, the Company's outstanding borrowings were swapped at a weighted average interest rate of 7.57% (see Note 5 for information on the Company's interest rate swaps).

The Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. At January 27, 2012, the Company was in compliance with all debt covenants.

The Credit Facility also imposes restrictions on the amount of dividends the Company is permitted to pay. If there is no default existing and the total of our availability under the Revolving Credit Facility plus the Company's cash and cash equivalents on hand is at least $100,000, the Company may: (1) pay cash dividends on shares of its common stock if the aggregate amount of dividends paid in any fiscal year is less than 15% of Consolidated EBITDA from continuing operations (as defined in the Credit Facility) during the immediately preceding fiscal year; or (2) increase its regular quarterly cash dividend in any quarter by an amount not to exceed the greater of $0.01 per share or 10% of the amount of the dividend paid in the prior fiscal quarter.

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

5. Derivative Instruments and Hedging Activities

The Company has interest rate risk relative to its outstanding borrowings, which bear interest at the Company's election either at the prime rate or LIBOR plus a percentage point spread based on certain specified financial ratios under the Credit Facility (see Note 4). The Company's policy has been to manage interest cost using a mix of fixed and variable rate debt. To manage this risk in a cost efficient manner, the Company uses derivative instruments, specifically interest rate swaps.

For each of the Company's interest rate swaps, the Company has agreed to exchange with a counterparty the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The interest rates on the portion of the Company's outstanding debt covered by its interest rate swaps is fixed at the rates in the table below plus the Company's credit spread. The Company's weighted average credit spread at January 27, 2012 was 2.00%. All of the Company's interest rate swaps are accounted for as cash flow hedges.

A summary of the Company's interest rate swaps is as follows:

Trade Date	Effective Date	Term (in Years)	Notional Amount	Fixed Rate
May 4, 2006	August 3, 2006	7	$ 550,000	5.57%
August 10, 2010	May 3, 2013	2	200,000	2.73%
July 25, 2011	May 3, 2013	2	50,000	2.00%
July 25, 2011	May 3, 2013	3	50,000	2.45%
September 19, 2011	May 3, 2013	2	25,000	1.05%
September 19, 2011	May 3, 2013	2	25,000	1.05%
December 7, 2011	May 3, 2013	3	50,000	1.40%

The notional amount of the Company's interest rate swap entered into on May 4, 2006 decreases to $525,000 from May 3, 2012 throughout the remainder of its term.

The Company does not hold or use derivative instruments for trading purposes. The Company also does not have any derivatives not designated as hedging instruments and has not designated any non-derivatives as hedging instruments.

The estimated fair values of the Company's derivative instruments as of January 27, 2012 and July 29, 2011 were as follows:

	Balance Sheet Location	January 27, 2012	July 29, 2011
Interest rate swaps (See Note 2)	Interest rate swap liability	$ 45,050	$ 51,604

The estimated fair value of the Company's interest rate swap liability incorporates the Company's non-performance risk (see Note 2). The adjustment related to the Company's non-performance risk at January 27, 2012 and July 29, 2011 resulted in reductions of $1,621 and $1,546, respectively, in the fair value of the interest rate swap liability. The offset to the interest rate swap liability is recorded in accumulated other comprehensive loss ("AOCL"), net of the deferred tax asset, and will be reclassified into earnings over the term of the underlying debt. As of January 27, 2012, the estimated pre-tax portion of AOCL that is expected to be reclassified into earnings over the next twelve months is $27,325. Cash flows related to the interest rate swap are included in interest expense and in operating activities.

The following table summarizes the pre-tax effects of the Company's derivative instruments on AOCL for the six-month period ended January 27, 2012 and the year ended July 29, 2011:

	Amount of Income Recognized in AOCL on Derivatives (Effective Portion)	
	Six Months Ended January 27, 2012	Year Ended July 29, 2011
Cash flow hedges:		
Interest rate swaps	$ 6,554	$ 14,677

The following table summarizes the pre-tax effects of the Company's derivative instruments on income for the quarters and six-month periods ended January 27, 2012 and January 28, 2011:

	Location of Loss Reclassified from AOCL into Income (Effective Portion)	Amount of Loss Reclassified from AOCL into Income (Effective Portion)			
		Quarter Ended		Six Months Ended	
		January 27, 2012	January 28 2011	January 27, 2012	January 28, 2011
Cash flow hedges:					
Interest rate swaps	Interest expense	$ 7,467	$ 7,518	$ 14,912	$ 15,113

Any portion of the fair value of the swaps determined to be ineffective will be recognized currently in earnings. No ineffectiveness has been recorded in the six-month periods ended January 27, 2012 and January 28, 2011.

6. Shareholders' Equity

During the six-month period ended January 27, 2012, the Company received proceeds of $2,137 from the exercise of share-based compensation awards and the corresponding issuance of 151,209 shares of its common stock and did not make any share repurchases.

During the six-month period ended January 27, 2012, the Company paid dividends of $0.47 per share of its common stock. In addition, the Company declared a regular dividend of $0.25 per share of its common stock that was paid on February 6, 2012 and is recorded in other current liabilities in the accompanying Condensed Consolidated Balance Sheet.

During the six-month period ended January 27, 2012, the unrealized loss, net of tax, on the Company's interest rate swaps decreased by $6,362 to $31,670 and is recorded in AOCL (see Notes 2, 5 and 7).

During the six-month period ended January 27, 2012, total share-based compensation expense was $5,946. The excess tax benefit realized upon exercise of share-based compensation awards was $155.

On September 22, 2011, the Company's Board of Directors adopted a shareholder rights plan (the "Rights Plan") and designated 300,000 shares of the Company's previously authorized 100,000,000 shares of preferred stock as Series A Junior Participating Preferred Stock (the "Rights"). Additionally, on that date, the Company declared a dividend distribution of the Rights to shareholders of record on October 3, 2011 (see Note 11 to the Company's Consolidated Financial Statements in the 2011 Form 10-K for additional information regarding the Rights Plan and the Rights). The Rights Plan was not approved by the Company's shareholders at its annual shareholders' meeting on December 20, 2011. As a result, the Rights Plan was terminated and the Rights expired on December 28, 2011, following the certification of voting results at the annual shareholders' meeting. No Rights are issued or outstanding.

7. Comprehensive Income

Comprehensive income consisted of the following at:

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Net income	$ 25,609	$ 28,777	$ 49,411	$ 52,511
Other comprehensive income:				
Changes in fair value of interest rate swaps, net of tax	2,412	9,393	6,362	9,576
Total comprehensive income	$ 28,021	$ 38,170	$ 55,773	$ 62,087

For the quarters ended January 27, 2012 and January 28, 2011, the changes in fair value of the Company's interest rate swaps are net of a tax benefit of $120 and a tax provision of $3,427, respectively. For the six-month periods ended January 27, 2012 and January 28, 2011, the changes in fair value of the Company's interest rate swaps are net of tax provisions of $192 and $1,078, respectively.

8. Seasonality

Historically, the net income of the Company has been lower in the first and third quarters and higher in the second and fourth quarters. Management attributes these variations to the Christmas holiday shopping season and the summer vacation and travel season. The Company's retail sales, which are made substantially to the Company's restaurant customers, historically have been highest in the Company's second quarter, which includes the Christmas holiday shopping season. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby contributing to higher profits in the Company's fourth quarter. The Company generally opens additional new locations throughout the year. Therefore, the results of operations for any interim period cannot be considered indicative of the operating results for an entire year.

9. Segment Information

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

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Revenue:				
Restaurant	$ 503,531	$ 478,614	$ 985,040	$ 960,429
Retail	169,703	161,663	286,631	278,539
Total revenue	$ 673,234	$ 640,277	$ 1,271,671	$ 1,238,968

10. Share-Based Compensation

Share-based compensation is recorded in general and administrative expenses in the accompanying Condensed Consolidated Statements of Income. Total share-based compensation was comprised of the following at:

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Stock options	$ 437	$ 474	$ 846	$ 1,187
Nonvested stock	2,526	1,622	4,065	3,371
Performance-based stock units	436	361	1,035	361
	$ 3,399	$ 2,457	$ 5,946	$ 4,919

11. Restructuring

In July 2011, as part of its cost reduction and organization streamlining initiative, the Company incurred severance charges related to the elimination of approximately 60 management and staff positions. The related severance accrual is recorded in other current liabilities in the accompanying Condensed Consolidated Balance Sheets.

Liability at July 29, 2011	$ 1,579
Payments	(1,030)
Adjustments	(127)
Liability at January 27, 2012	$ 422

12. Net Income Per Share and Weighted Average Shares

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

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

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Net income per share numerator	$ 25,609	$ 28,777	$ 49,411	$ 52,511
Net income per share denominator:				
Weighted average shares	22,968,002	23,237,493	22,919,451	23,034,943
Add potential dilution:				
Stock options and nonvested stock and stock awards	338,175	681,758	306,512	721,624
Diluted weighted average shares	23,306,177	23,919,251	23,225,963	23,756,567

13. Commitments and Contingencies

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

Related to its workers' compensation insurance coverage, the Company is contingently liable pursuant to standby letters of credit as credit guarantees to certain insurers. As of January 27, 2012, the Company had $28,606 of standby letters of credit related to securing reserved claims under workers' compensation insurance. All standby letters of credit are renewable annually and reduce the Company's borrowing availability under its Revolving Credit Facility (see Note 4).

In the first quarter of 2012, the Company received proceeds of $3,000 from a lawsuit settlement and recorded the proceeds as a gain that is included in other store operating expenses in the accompanying Condensed Consolidated Statement of Income. Because the Company believed this settlement represented a gain contingency, the Company did not record such gain contingency until the settlement amount and timing were assured.

The Company is secondarily liable for lease payments under the terms of an operating lease that has been assigned to a third party. At January 27, 2012, the lease has a remaining life of approximately 1.7 years with annual lease payments of approximately $361 for a total guarantee of $601. The Company's performance is required only if the assignee fails to perform its obligations as lessee. At this time, the Company has no reason to believe that the assignee will not perform and, therefore, no provision has been made in the Condensed Consolidated Balance Sheets for amounts to be paid in case of non-performance by the assignee.

Upon the sale of Logan's Roadhouse, Inc. ("Logan's") in 2007, the Company reaffirmed its guarantee of the lease payments for two Logan's restaurants. At January 27, 2012, the lease term has expired for one of these operating leases. At January 27, 2012, the remaining operating lease had a remaining life of 8.2 years with an annual payment of approximately $108, for a total guarantee of $928. The Company's performance is required only if Logan's fails to perform its obligations as lessee. At this time, the Company has no reason to believe Logan's will not perform, and therefore, no provision has been made in the Condensed Consolidated Balance Sheets for amounts to be paid as a result of non-performance by Logan's.

The Company enters into certain indemnification agreements in favor of third parties in the ordinary course of business. The Company believes that the probability of incurring an actual liability under such indemnification agreements is sufficiently remote so that no liability has been recorded. In connection with the divestiture of Logan's, the Company entered into various agreements to indemnify third parties against certain tax obligations, for any breaches of certain representations and warranties in the applicable transaction documents and for certain costs and expenses that may arise out of specified real estate matters, including potential relocation and legal costs. The Company believes that the probability of being required to make any indemnification payments to such third parties in connection with the divestiture of Logan's is remote, and therefore, no provision has been recorded in the Condensed Consolidated Balance Sheets for potential tax indemnifications.

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

Cracker Barrel Old Country Store, Inc. and its subsidiaries (collectively, the “Company,” “our” or “we”) are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® (“Cracker Barrel”) concept. At January 27, 2012, we operated 608 Cracker Barrel stores in 42 states. All dollar amounts reported or discussed in this Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) are shown in thousands, except per share amounts and certain statistical information (e.g., number of stores). References to years in MD&A are to our fiscal year unless otherwise noted.

MD&A provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. MD&A should be read in conjunction with the (i) condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q and (ii) financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended July 29, 2011 (the “2011 Form 10-K”). Except for specific historical information, many of the matters discussed in this report may express or imply projections of items such as revenues or expenditures, estimated capital expenditures, compliance with debt covenants, plans and objectives for future operations, inventory shrinkage, growth or initiatives, expected future economic performance or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results which we expect will or may occur in the future, are forward-looking statements that, by their nature, involve risks, uncertainties and other factors which may cause our actual results and performance to differ materially from those expressed or implied by those statements. All forward-looking information is provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these risks, uncertainties and other factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “trends,” “assumptions,” “target,” “guidance,” “outlook,” “opportunity,” “future,” “plans,” “goals,” “objectives,” “expectations,” “near-term,” “long-term,” “projection,” “may,” “will,” “would,” “could,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “potential,” “regular,” “should,” “projects,” “forecasts” or “continue” (or the negative or other derivatives of each of these terms) or similar terminology. We believe the assumptions underlying any forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. In addition to the risks of ordinary business operations, and those discussed or described in this report or in information incorporated by reference into this report, factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those contained in Part I, Item 1A of the 2011 Form 10-K, which is incorporated herein by this reference, as well as the factors described under “Critical Accounting Estimates” on pages 25-29 of this report or, from time to time, in our filings with the Securities and Exchange Commission (“SEC”), press releases and other communications.

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

Overview

Comparable store traffic and sales out-performed the Knapp-Track™ Index for the quarter, and we achieved positive comparable restaurant traffic for the quarter for the first time in five quarters. In addition to the improvements in traffic and sales we continue to be focused on cost controls, especially given the continuing and anticipated increases in food commodity costs.

Management believes that the Cracker Barrel brand remains one of the strongest and most differentiated brands in the restaurant industry and we plan to leverage that strength to grow guest traffic, sales and profits. We have six priorities for 2012:

- A New Marketing Messaging to better connect with our current and potential guests and reinforce the authentic value of the Cracker Barrel experience that has created such a powerful attraction to our brand.

- Implementing refined menu and pricing strategies to increase the variety and everyday affordability of our menu in the face of ongoing challenges to our guests' household budgets.

- Enhancing our restaurant operating platform to generate sustained improvements in the guest experience.

- Driving retail sales growth by continuing to review and modify as needed our retail assortment to deliver value and further enhance the role of the retail store in our guests overall experience.

- Implementing initiatives to reduce costs to offset at least a portion of the impact of higher food commodity costs.

- Leveraging our strong cash flow generation to both reinvest in the business as well as increase our return of capital to our shareholders.

Results of Operations

The following table highlights operating results by percentage relationships to total revenue for the quarter and six-month period ended January 27, 2012 as compared to the same periods in the prior year:

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	35.0	34.3	33.2	32.2
Gross profit	65.0	65.7	66.8	67.8
Labor and other related expenses	34.9	34.8	35.9	36.2
Other store operating expenses	17.7	17.5	17.9	18.1
Store operating income	12.4	13.4	13.0	13.5
General and administrative expenses	5.4	5.2	5.8	5.6
Impairment and store dispositions, net	--	--	--	--
Operating income	7.0	8.2	7.2	7.9
Interest expense	1.6	1.9	1.7	1.9
Income before income taxes	5.4	6.3	5.5	6.0
Provision for income taxes	1.6	1.8	1.6	1.8
Net income	3.8%	4.5%	3.9%	4.2%

The following tables highlight the components of total revenue in dollars and by percentage relationships to total revenue for the quarter and six-month period ended January 27, 2012 as compared to the same periods in the prior year:

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Revenue in dollars:				
Total Revenue:				
Restaurant	$ 503,531	$ 478,614	$ 985,040	$ 960,429
Retail	169,703	161,663	286,631	278,539
Total revenue	$ 673,234	$ 640,277	$ 1,271,671	$ 1,238,968

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Revenue by percentage relationships:				
Total Revenue:				
Restaurant	74.8%	74.8%	77.5%	77.5%
Retail	25.2	25.2	22.5	22.5
Total revenue	100.0%	100.0%	100.0%	100.0%

The following table sets forth the number of stores in operation at the beginning and end of the quarters and six-month periods ended January 27, 2012 and January 28, 2011, respectively:

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Open at beginning of period	606	596	603	593
Open during period	2	1	5	4
Open at the end of period	608	597	608	597

Average unit volumes include sales of all stores. The following table highlights average unit volumes for the quarter and six-month periods ended January 27, 2012 as compared to the same periods in the prior year:

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Revenue:				
Restaurant	$ 828.3	$ 801.7	$ 1,625.5	$ 1,612.2
Retail	279.1	270.8	473.0	467.5
Total revenue	$ 1,107.4	$ 1,072.5	$ 2,098.5	$ 2,079.7

Total Revenue

Total revenue for the second quarter and first six months of 2012 increased 5.1% and 2.6%, respectively, compared to the same periods in the prior year. The following table highlights the comparable store sales results for the second quarter and first six months of 2012 as compared to the same periods in the prior year:

	Second Quarter Increase	Six Month Period Increase
Comparable store sales:		
Restaurant	3.5%	1.0%
Retail	3.4	1.4
Restaurant and retail	3.5	1.1

In the prior year second quarter, both comparable restaurant and retail sales were unfavorably affected by more severe winter weather than in the current year second quarter. Accordingly, we estimate that the non-recurrence of inclement weather in the second quarter of 2012 as compared to the prior year increased our combined comparable store sales and traffic by approximately 0.9%.

For the second quarter of 2012, our comparable store restaurant sales increase consisted of a 2.4% average check increase for the quarter (including a 2.2% average menu price increase) and a 1.1% guest traffic increase. We believe that the comparable store retail sales increase resulted from a more appealing retail merchandise selection than in the prior year and the increase in guest traffic.

For the first six months of 2012, our comparable store restaurant sales increase consisted of a 2.3% average check increase for the six months (including a 2.1% average menu price increase) and a 1.3% guest traffic decrease. We believe that the comparable store retail sales increase resulted from a more appealing retail merchandise selection than in the prior year partially offset by the decrease in guest traffic.

Sales from newly opened stores accounted for the balance of the total revenue increases in the second quarter and first six months of 2012 as compared to the same periods in the prior year.

During the first six months of 2012, our guest traffic sequentially improved on a month-over-month basis throughout the six-month period. We presently anticipate further improvement as compared to the prior year over the remainder of the year.

Cost of Goods Sold

The following table highlights the components of cost of goods sold in dollar amounts for the quarter and six-month period ended January 27, 2012 as compared to the same periods in the prior year:

	Quarter Ended		Six Months Ended	
	January 27, 2012	January 28, 2011	January 27, 2012	January 28, 2011
Cost of Goods Sold:				
Restaurant	$ 138,456	$ 127,201	$ 266,152	$ 249,582
Retail	96,935	92,189	155,546	149,561
Total Cost of Goods Sold	$ 235,391	$ 219,390	$ 421,698	$ 399,143

Restaurant cost of goods sold as a percentage of restaurant revenue was 27.5% in the second quarter of 2012 as compared to 26.6% in the prior year second quarter. Restaurant cost of goods sold as a percentage of restaurant revenue was 27.0% for the first six months of 2012 as compared to 26.0% in the same period in the prior year. Both increases were primarily the result of food commodity inflation partially offset by our menu price increase referenced above. Commodity inflation was 5.7% and 5.6%, respectively, in the second quarter and first six months of 2012.

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

Retail cost of goods sold as a percentage of retail revenue was relatively constant during the second quarter of 2012 at 57.1% as compared to 57.0% in the prior year second quarter. Retail cost of goods sold as a percentage of retail revenue was 54.3% for the first six months of 2012 as compared to 53.7% in the same period in the prior year. This increase resulted primarily from a change in retail inventory valuation reserves.

Labor and Related Expenses

Labor and related expenses include all direct and indirect labor and related costs incurred in store operations. Labor and related expenses as a percentage of total revenue increased during the second quarter of 2012 to 34.9% as compared to 34.8% in the second quarter of the prior year. This percentage change resulted from the following:

	Second Quarter Increase (Decrease) as a Percentage of Total Revenue
Prior year workers' compensation actuarial adjustment	0.3%
Store bonus expense	0.3%
Store hourly labor	(0.3%)
Health care costs	(0.2%)

Labor and other related expenses as a percentage of total revenue decreased to 35.9% in the first six months of 2012 as compared to 36.2% in the first six months of 2011. This percentage change resulted primarily from the following:

	Six Month Period Increase (Decrease) as a Percentage of Total Revenue
Store hourly labor	(0.3%)
Health care costs	(0.2%)
Store management compensation	0.2%

As a result of the change in the frequency of our limited scope actuarial reviews (see sub-section entitled "Insurance Reserves" under the section entitled "Critical Accounting Estimates" for further information on this change), we recorded a smaller reduction in our workers' compensation expense in the second quarter of 2012 as compared to the same period in the prior year.

Higher store bonus expense reflected better performance against financial objectives in the second quarter of 2012 as compared to the prior year second quarter.

The decrease in store hourly labor costs as a percentage of total revenue for the second quarter and first six months of 2012 as compared to the same periods in the prior year resulted from improved productivity due to our enhanced labor management system and menu price increases being higher than wage inflation.

Health care costs in the calendar 2011 plan year were lower due to improvements in claims experience. As a result of these improvements, we negotiated with our health plan administrator and agreed to terms of a retrospectively rated group policy during the first quarter of 2012. This policy is retroactive to January 1, 2011 and provides for a reimbursement of health insurance premiums based on actual claims experience through the end of the calendar year.

The terms of this policy resulted in us recording a receivable for reimbursement of approximately $2,500 during the first quarter of 2012 and approximately $1,500 during the second quarter of 2012 for certain health insurance premiums paid during calendar 2011. During the second quarter and first six months of 2012, this receivable was partially offset by higher claims experience than in the prior year. We presently expect to receive additional reimbursements during the remainder of 2012 as calendar 2011 health care claims complete their development.

The increase in store management compensation for the first six months of 2012 as compared to the same period in the prior year resulted primarily from new store growth.

Other Store Operating Expenses

Other store operating expenses include all store-level operating costs, the major components of which are utilities, operating supplies, repairs and maintenance, depreciation and amortization, advertising, rent, credit card fees and general insurance.

Other store operating expenses as a percentage of total revenue increased to 17.7% in the second quarter of 2012 as compared to 17.5% in the second quarter of the prior year. This percentage change resulted primarily from the following:

	Second Quarter Increase (Decrease) as a Percentage of Total Revenue
Advertising expense	0.8%
Maintenance expense	(0.2%)
Credit card fees	(0.1%)
Utilities expense	(0.1%)
Supplies expense	(0.1%)

Other store operating expenses as a percentage of total revenue decreased to 17.9% in the first six months of 2012 as compared to 18.1% in the first six months of 2011. This percentage change resulted primarily from the following:

	Six Month Period Increase (Decrease) as a Percentage of Total Revenue
Advertising expense	0.5%
Litigation settlement	(0.2%)
Maintenance expense	(0.2%)
Credit card fees	(0.1%)
Utilities expense	(0.1%)
Supplies expense	(0.1%)

The increase in advertising expense in the second quarter and first six months of 2012 as compared to the same periods in the prior year resulted primarily from a change in our advertising strategy which we implemented in the second quarter of 2012. As a result of this change in strategy, we spent more on television and radio advertising in the second quarter of 2012 than in the prior year, and we expect to spend less in the second half of 2012 as compared to the same period in the prior year. For the year, we expect our total advertising spending as a percentage of total revenue to be similar to the prior year.

We believe that the decreases in maintenance and supplies expenses in the second quarter and first six months of 2012 as compared to the same periods in the prior year resulted primarily from our efforts to control these expenses. Additionally, maintenance expense was lower in the second quarter of 2012 as compared to the prior year second quarter because of the timing of certain programs. The decrease in credit card fees in the second quarter and first six months of 2012 as compared to the same periods in the prior year resulted from a reduction in debit card fee rates due to a change in Federal law governing such fees. The decrease in utilities expense in the second quarter and first six months of 2012 as compared to the same periods in the prior year resulted primarily from lower natural gas costs.

In the first quarter of 2012, we received proceeds from a litigation settlement and recorded the proceeds as a gain in other store operating expenses since the settlement related to a matter previously recorded in other store operating expenses. Because we believed this settlement presented a gain contingency, we did not record the gain until the settlement amount and timing were assured.

General and Administrative Expenses

General and administrative expenses as a percentage of total revenue increased to 5.4% in the second quarter of 2012 as compared to 5.2% in the second quarter of the prior year. This percentage change resulted primarily from the following:

	Second Quarter Increase (Decrease) as a Percentage of Total Revenue
Expenses related to the proxy contest initiated by Biglari Holdings Inc.	0.5%
Incentive compensation	0.3%
Payroll and related expenses	(0.4%)
Travel	(0.1%)

General and administrative expenses as a percentage of total revenue increased to 5.8% in the first six months of 2012 as compared to 5.6% in the same period in the prior year. This percentage change resulted from the following:

	Six Month Period Increase (Decrease) as a Percentage of Total Revenue
Expenses related to the proxy contest initiated by Biglari Holdings Inc.	0.4%
Manager meeting conference expense	0.2%
Payroll and related expenses	(0.4%)

Higher incentive compensation in the second quarter of 2012 as compared to the prior year second quarter resulted primarily from better performance against financial objectives.

Lower payroll and related expenses in the second quarter and first six months of 2012 as compared to the same periods in the prior year resulted primarily from the elimination of approximately 60 management and staff positions in July 2011.

In the first quarter of 2012, we held a manager meeting conference for the first time in several years which was attended by our store operations management team. The purpose of this meeting was to review priorities for 2012 and conduct manager training.

Interest Expense

Interest expense for the second quarter of 2012 was $11,025 as compared to $11,830 in the same period in the prior year. Interest expense for the first six months of 2012 was $22,160 as compared to $23,544 in the same period in the prior year. Both decreases resulted primarily from lower debt outstanding and lower ongoing fees because of our debt refinancing which was completed in July 2011.

Provision for Income Taxes

Provision for income taxes as a percentage of income before income taxes was 29.5% and 29.2%, respectively, in the second quarters of 2012 and 2011. The provision for income taxes as a percent of income before income taxes was 29.2% and 29.4%, respectively, in the first six months of 2012 and 2011. The decrease in the effective tax rate from the first six months of 2011 to the first six months of 2012 resulted primarily from higher employer tax credits through the end of the calendar 2011. For the remainder of the year, we expect our effective tax rate to increase as compared to both the first six months of 2012 and the prior year. This increase is due to the expiration of the Work Opportunity Tax Credit, which Congress did not renew in late December 2011 forcing expiration at the end of calendar 2011.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from our operations and our borrowing capacity under our $500,000 revolving credit facility (the "Revolving Credit Facility"). Our internally generated cash, along with cash on hand at July 29, 2011, our borrowings under our Revolving Credit Facility and proceeds from exercises of share-based compensation awards, were sufficient to finance all of our growth, dividend payments, working capital needs and other cash payment obligations in the first six months of 2012.

We believe that cash at January 27, 2012, along with cash generated from our operating activities, the borrowing capacity under our Revolving Credit Facility and proceeds from exercises of share-based compensation awards will be sufficient to finance our continuing operations, our continuing expansion plans, our principal payments on our debt, our share repurchase plans and our expected dividend payments for at least the next twelve months and thereafter for the foreseeable future.

Cash Generated from Operations

Our operating activities provided net cash of $113,959 for the first six months of 2012, which represented an increase from the $57,305 net cash provided during the same period a year ago. This increase reflected lower annual bonus payments made this year and the timing of payments for accounts payable and estimated income taxes.

Borrowing Capacity and Debt Covenants

Our $750,000 credit facility (the "Credit Facility") consists of a term loan (aggregate outstanding at January 27, 2012 was $231,250) and our Revolving Credit Facility. At January 27, 2012, we had $318,750 of outstanding borrowings under the Revolving Credit Facility and we had $28,606 of standby letters of credit related to securing reserved claims under workers' compensation insurance which reduce our borrowing availability under the Revolving Credit Facility. At January 27, 2012, we had $152,644 in borrowing availability under our Revolving Credit Facility. See Note 4 to our Condensed Consolidated Financial Statements for further information on our long-term debt.

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

Capital Expenditures

Capital expenditures (purchase of property and equipment), net of proceeds from insurance recoveries were $38,719 for the first six months of 2012 as compared to $40,475 during the same period a year ago. Our capital expenditures consisted primarily of costs of new store locations and capital expenditures for maintenance programs. We estimate that our capital expenditures during 2012 will be between $85,000 and $95,000. This estimate includes certain costs related to the acquisition of sites and construction of new stores that will open or have opened during 2012, as well as for acquisition and construction costs for store locations to be opened in future years and capital expenditures for maintenance programs. We intend to fund our capital expenditures with cash flows from operations and borrowings under our Revolving Credit Facility, as necessary.

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

Subject to a maximum amount of $65,000, we have been authorized by our Board of Directors to repurchase shares from time to time during 2012 through a combination of open market purchases, privately negotiated acquisitions, accelerated share repurchase transactions and/or other derivative transactions at the discretion of management. Our current criteria for share repurchases are that they be accretive to expected net income per share and are within the limits imposed by our Credit Facility. We did not repurchase any shares in the first six months of 2012.

Our Credit Facility imposes restrictions on the amount of dividends we are permitted to pay. If there is no default existing and the total of our availability under our Revolving Credit Facility plus our cash and cash equivalents on hand is at least $100,000, we may: (1) pay cash dividends on shares of our common stock if the aggregate amount of such dividends paid during any fiscal year is less than 15% of Consolidated EBITDA from continuing operations (as defined in the Credit Facility) during the immediately preceding fiscal year; or (2) increase our regular quarterly cash dividend in any quarter by an amount not to exceed the greater of $0.01 per share or 10% of the amount of the dividend paid in the prior fiscal quarter.

During the first six months of 2012, we paid dividends of $0.47 per share. Additionally, during the second quarter of 2012, we declared a dividend of $0.25 per share that was paid on February 6, 2012.

During the first six months of 2012, we received proceeds of $2,137 from the exercise of share-based compensation awards and the corresponding issuance of 151,209 shares.

Working Capital

We had positive working capital of $4,953 at January 27, 2012 versus negative working capital of $21,188 at July 29, 2011. Working capital increased from July 29, 2011 primarily because of an increase in cash generated from operations partially offset by lower retail inventories and a net decrease in working capital related to the increase in sales of our gift cards during the holiday shopping season. In the restaurant industry, virtually all sales are either for cash or third-party credit or debit card. Like many other restaurant companies, we are able to, and often do, operate with negative working capital. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while restaurant inventories purchased locally generally are financed from normal trade credit. Because of our retail gift shops, which have a lower product turnover than the restaurant business, we carry larger inventories than many other companies in the restaurant industry. Retail inventories purchased domestically generally are financed from normal trade credit, while imported retail inventories generally are purchased through wire transfers. These various trade terms are aided by rapid turnover of the restaurant inventory. Employees generally are paid on weekly or semi-monthly schedules in arrears for hours worked except for bonuses that are paid either quarterly or annually in arrears. Many other operating expenses have normal trade terms and certain expenses such as certain taxes and some benefits are deferred for longer periods of time.

Off-Balance Sheet Arrangements

Other than various operating leases, we have no other material off-balance sheet arrangements. Refer to the sub-section entitled "Off-Balance Sheet Arrangements" under the section entitled "Liquidity and Capital Resources" presented in the MD&A of our 2011 Form 10-K for additional information regarding our operating leases.

Material Commitments

There have been no material changes in our material commitments other than in the ordinary course of business since the end of 2011. Refer to the sub-section entitled "Material Commitments" under the section entitled "Liquidity and Capital Resources" presented in the MD&A of our 2011 Form 10-K for additional information regarding our material commitments.

Recent Accounting Pronouncements Not Yet Adopted

Fair Value Measurement and Disclosure Requirements

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

Presentation of Comprehensive Income

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

Disclosures about Offsetting Assets and Liabilities

In December 2011, the FASB issued accounting guidance which requires companies to disclose information about the nature of their rights of setoff and related arrangements associated with their financial instruments and derivative instruments to enable users of financial statements to understand the effect of those arrangements on their financial position. Each company will be required to provide both net and gross information in the notes to its financial statements for relevant assets and liabilities that are eligible for offset. This guidance is effective for fiscal years beginning on or after January 1, 2013 on a retrospective basis. We do not expect that the adoption of this accounting guidance in the first quarter of 2014 will have a significant impact on our consolidated financial statements.

Critical Accounting Estimates

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

Our significant accounting policies are discussed in Note 2 to the Consolidated Financial Statements contained in the 2011 Form 10-K. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. Critical accounting estimates are those that:

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

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

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

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

Impairment of Long-Lived Assets and Provision for Asset Dispositions

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

We have not made any material changes in our methodology for assessing impairments during the first six months of 2012 and we do not believe that there is a reasonable likelihood that there will be a material change in the estimates or assumptions used by us in the future to assess impairment on long-lived assets. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and fair values of long-lived assets, we may be exposed to losses that could be material.

Insurance Reserves

We self-insure a significant portion of our expected workers' compensation and general liability insurance programs. We purchase insurance for individual workers' compensation claims that exceed $250, $500 or $1,000 depending on the state in which the claim originates. We purchase insurance for individual general liability claims that exceed $500.

We record a reserve for workers' compensation and general liability for all unresolved claims and for an estimate of incurred but not reported ("IBNR") claims. These reserves and estimates of IBNR claims are based upon a full scope actuarial study which is performed annually at the end of our third quarter and is adjusted by the actuarially determined losses and actual claims payments for the fourth quarter. The reserves and losses in the actuarial study represent a range of possible outcomes within which no given estimate is more likely than any other estimate. As such, we record the losses at the lower end of that range and discount them to present value using a risk-free interest rate based on projected timing of payments. Beginning in the second quarter of 2011, we began performing limited scope actuarial studies on a quarterly basis to verify and/or modify our reserves.

A significant portion of our health insurance program is self-insured. For our calendar 2012 and 2011 plans, benefits for any individual (employee or dependents) in the self-insured group health program are limited to not more than $20 in any given plan year, and, in certain cases, to not more than $8 in any given year. We record a liability for the self-insured portion of our group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience. Beginning in the first quarter of 2012, the fully-insured portion of our health insurance program contains a retrospective feature which could increase or decrease premiums based on actual claims experience.

Our accounting policies regarding workers' compensation, general insurance and health insurance reserves include certain actuarial assumptions and management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. We have not made any material changes in the accounting methodology used to establish our insurance reserves during the first six months of 2012 and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to calculate the insurance reserves. However, changes in these actuarial assumptions, management judgments or claims experience in the future may produce materially different amounts of expense that would be reported under these insurance programs.

Retail Inventory Valuation

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

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

We have not made any material changes in the methodologies, estimates or assumptions related to our merchandise inventories during the first six months of 2012 and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions in the future. However, actual obsolescence or shrinkage recorded may produce materially different amounts than we have estimated.

Tax Provision

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

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

We file our income tax returns many months after our year end. These returns are subject to audit by various federal and state governments years after the returns are filed and could be subject to differing interpretations of the tax laws. We then must assess the likelihood of successful legal proceedings or reach a settlement with the relevant taxing authority. Although we believe that the judgments and estimates used in establishing our tax provision are reasonable, an unsuccessful legal proceeding or a settlement could result in material adjustments to our Consolidated Financial Statements and our consolidated financial position (see Note 14 to our Consolidated Financial Statements contained in the 2011 Form 10-K for additional information).

Share-Based Compensation

Share-based compensation expense is measured at the grant date based on the fair value of the award. We recognize share-based compensation expense on a straight-line basis over the requisite service period, which is generally the award's vesting period, or the date on which retirement is achieved, if shorter.

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

If a share-based compensation award is modified after the grant date, incremental compensation expense is recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Incremental compensation expense for vested awards is recognized immediately. For unvested awards, the sum of the incremental compensation expense and the remaining unrecognized compensation expense for the original award on the modification date is recognized over the modified service period.

Our nonvested stock grants generally vest over two to five years. Generally, the fair value of each nonvested stock grant is equal to the market price of our common stock at the date of grant reduced by the present value of expected dividends to be paid prior to the vesting period, discounted using an appropriate risk-free interest rate. Certain nonvested stock grants accrue dividends and their fair value is equal to the market price of our stock at the date of grant.

In 2011, we adopted annual long-term incentive plans that award performance-based stock units ("PBSUs") to our executives instead of stock options. Subject to the respective executive's continued employment, the PBSUs will be awarded at the end of the applicable three-year performance period for each annual plan. The number of PBSUs that will ultimately be awarded is based on various performance factors, including a market condition, total shareholder return, which is defined as increases in our stock price plus dividends paid during the performance period. The target number of shares will be awarded if there is no change in shareholder value during the performance period, and the maximum number of shares that may be awarded is 150% of target. The probability of the actual shares expected to be awarded is considered in the grant date valuation; therefore, the expense will not be adjusted to reflect the actual units awarded. The vesting of the PBSUs is also subject to the achievement of a specified level of operating income during the performance period. If this performance goal is not met, no PBSUs will be awarded and to the extent previously recognized, compensation expense will be reversed.

The fair value of the PBSUs was determined using the Monte-Carlo simulation model, which simulates a range of possible future stock prices and estimates the probabilities of the potential payouts. The Monte-Carlo simulation model uses the average prices for the 60-consecutive calendar days beginning 30 days prior to and ending 30 days after the first business day of the performance period. This model also incorporates the following ranges of assumptions:

- The expected volatility is a blend of implied volatility based on market-traded options on our stock and historical volatility of our stock over the period commensurate with the three-year performance period.
- The risk-free interest rate is based on the U.S. Treasury rate assumption commensurate with the three-year performance period.
- The expected dividend yield is based on our current dividend yield as the best estimate of projected dividend yield for periods within the three-year performance period.

The fair value of each stock option award granted was estimated on the date of grant using a binomial lattice-based option valuation model. This model incorporates the several key assumptions including expected volatility, risk-free rate of return, expected dividend yield and the option's expected life. Additionally, we use historical data to estimate option exercise and employee termination, and these assumptions are updated annually. The expected volatility, option exercise and termination assumptions involve management's best estimates at that time, all of which affect the fair value of the option calculated by the binomial lattice-based option valuation model and, ultimately, the expense that will be recognized over the life of the option. We update the historical and implied components of the expected volatility assumption when new grants are made. The expected life is a by-product of the lattice model and is updated when new grants are made.

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

We have not made any material changes in our estimates or assumptions used to determine share-based compensation during the first six months of 2012 and do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to determine share-based compensation expense. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to changes in share-based compensation expense that could be material.

Unredeemed Gift Cards

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

We have not made any material changes in the methodology used to record the deferred revenue liability for unredeemed gift cards during the first six months of 2012 and do not believe there is a reasonable likelihood that there will be material changes in the future estimates or assumptions used to record this liability. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material.

Legal Proceedings

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

ITEM 3.Quantitative and Qualitative Disclosures About Market Risk

Part II, Item 7A of the 2011 Form 10-K is incorporated in this item of this Quarterly Report on Form 10-Q by this reference. There have been no material changes in our quantitative and qualitative market risks since July 29, 2011.

ITEM 4.Controls and Procedures

Our management, with the participation of our principal executive and principal financial officers, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that as of January 27, 2012, our disclosure controls and procedures were effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e).

There have been no changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended January 27, 2012 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1A. Risk Factors

There have been no material changes in the risk factors previously disclosed in "Item 1A. Risk Factors" of our 2011 Form 10-K.

ITEM 6.Exhibits

See Exhibit Index immediately following the signature page hereto.

SIGNATURES

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

CRACKER BARREL OLD COUNTRY STORE, INC.

Date: 2/21/12	By:	/s/Lawrence E. Hyatt Lawrence E. Hyatt, Senior Vice President and Chief Financial Officer
Date: 2/21/12	By:	/s/P. Douglas Couvillion P. Douglas Couvillion, Vice President, Corporate Controller and Principal Accounting Officer

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INDEX TO EXHIBITS

Exhibit	
3.1	Amended and Restated Charter of Cracker Barrel Old Country Store, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 23, 2011)
3.2	Amended and Restated Bylaws of Cracker Barrel Old Country Store, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on December 23, 2011)
10.1	Consulting Agreement with Forrest Shoaf, dated as of December 20, 2011 (filed herewith) †
10.2	Cracker Barrel Old Country Store, Inc. 1989 Stock Option Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.4 to the Company's Post Effective Amendment No. 1 to Form S-8 filed on January 17, 2012) †
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (filed herewith)

†Denotes management contract or compensatory plan, contract or arrangement.

Exhibit 10.1

CONSULTING AGREEMENT

THIS AGREEMENT (the "Agreement") is made as of this 20th day of December, 2011 by and between Forrest Shoaf, a natural person resident in Wilson County, TN and his heirs, assigns, executors, agents and representatives (the "Executive") on the one side, and Cracker Barrel Old Country Store, Inc. (together with its subsidiaries and affiliates hereinafter referred to as "CBRL") on the other;

WITNESSETH:

WHEREAS, Executive has been employed as the Senior Vice-President, Secretary, and Chief Legal Officer of CBRL; and

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

WHEREAS, the Executive has indicated his desire to retire and leave all officer positions with CBRL, effective December 31, 2011 (the "Employment Termination Date"), and

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

WHEREAS, Executive and CBRL are parties to that certain Change in Control Agreement (the "Retention Agreement"), dated as of May 12, 2005; and

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

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

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

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

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

(a) Subject to early termination or acceleration pursuant to Section 10, CBRL will pay Executive at the rate of $18,133.50, semi-monthly, for fifteen (15) consecutive months, in accordance with CBRL's regular payroll policies with such payments commencing on the first regularly scheduled pay period which occurs after the expiration of the Revocation Period. In the event of the death or disability of Executive, the foregoing payments will continue to be made to Executive's estate, heirs, or conservator, as applicable. CBRL will have the right to deduct from compensation payable to Executive under this Agreement, social security taxes, and all federal, state, and municipal taxes and charges as may now be in effect and that may be enacted or required after the effective date of this Agreement as charges on the compensation of Executive. CBRL will be responsible for the payment of any employer matching amounts of such taxes.

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

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

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

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

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

4. Application of Code Section 409A.

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

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

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

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

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

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

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

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

7. Publicity; No Disparaging Statements.

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

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

8. Business Protection Provisions.

8 . 1 Preamble. As a material inducement to CBRL to enter into this Agreement, and its recognition of the valuable experience, knowledge and proprietary information Executive gained from his employment with CBRL, Executive warrants and agrees he will abide by and adhere to the following business protection provisions in this Section 8 and all sub-sections thereof.

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

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

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

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

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

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

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

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

8.3 Nondisclosure; Ownership of Proprietary Property.

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

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

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

(d) Executive also recognizes that all writings, illustrations, drawings and other similar materials which embody or otherwise contain Trade Secrets, Confidential Information or Work Product that any CBRL Entity may have produced during his employment or which may have been given to Executive in connection with his employment are the property of CBRL, and it is Executive's obligation to immediately return any such materials to CBRL.

8.4 Non-Interference With Executives; Non-solicitation of Employees. Executive recognizes and acknowledges that, as a result of his employment by CBRL, he has become familiar with and has acquired knowledge of confidential information and certain other information regarding the other executives and employees of the CBRL Entities. Therefore, Executive agrees that, during the fifteen (15) month period (the "Non-solicitation Period") following the Employment Termination Date, Executive shall not encourage, solicit or otherwise attempt to persuade any person in the employment of the CBRL Entities to end his/her employment with a CBRL Entity or to violate any confidentiality, non-competition or employment agreement that such person may have with a CBRL Entity or any policy of any CBRL Entity. Furthermore, neither Executive nor any person acting in concert with Executive (and with Executive's knowledge) shall, during the Non-solicitation Period, employ any person who has been employee (above unit-level manager) of any CBRL Entity unless that person has ceased to be an employee of the CBRL Entities for at least six (6) months. Executive also shall not communicate in any manner whatsoever, whether directly or indirectly, with any executive employee of a CBRL Entity on the topic of the individual's employment with a CBRL Entity, his or her plans for employment in the future, or his or her employment with any other entity, other than to say Executive is unable to engage in any such discussions. Executive may request that the restrictions set forth in this Section 8.4 be waived as to any employee whose employment has been involuntarily terminated by CBRL; *provided, however*, that the decision whether to waive such restriction shall be in CBRL's sole discretion and shall not be binding upon CBRL unless such waiver is evidenced by a written agreement that has been executed and delivered by, and is legally binding on, CBRL and the Executive, which, if agreed to by CBRL, may also include terms and conditions that CBRL in its sole discretion are reasonably necessary under the circumstances.

8.5 Non-competition. Executive and CBRL acknowledge that generally attorneys cannot be bound by non-compete covenants with respect to performing legal work. However, Executive acknowledges that performing legal work for other entities engaged wholly or in material part in the restaurant business that is the same or similar to that in which CBRL Entities are engaged would create at least the appearance of a conflict of interest with respect to performing such legal work and so he agrees that he will not do so during the remainder of his employment with CBRL and during the Consulting Term. Furthermore, Executive has performed non-legal work in the past for CBRL (such as acting as its CFO) and Executive has agreed to remain with Cracker Barrel for a period as an employee, followed by a period in which he will provide consulting services to CBRL. With respect to performing non-legal work, Executive covenants and agrees to not obtain or work in a Competitive Position within the Territory during the applicable Restricted Period. In the event that the Executive is uncertain as to whether any arrangement or proposed arrangement with any Entity would constitute a prohibited Competitive Position, the Executive shall notify CBRL in writing of such arrangement or proposed arrangement, and CBRL shall, within thirty (30) days following its receipt of such notice, advise the Executive in writing as to whether such arrangement or proposed arrangement would constitute a prohibited Competitive Position. CBRL's approval of any arrangement or proposed arrangement pursuant to the preceding sentence will be evidenced exclusively by a written agreement that has been executed and delivered by, and is legally binding on, CBRL and the Executive, which may include terms and conditions that CBRL deems reasonably necessary to preserve its goodwill and the confidentiality of the Confidential Information in accordance with this Agreement, and other terms and conditions that CBRL determines in its sole discretion are reasonably necessary under the circumstances. Also, in the event that it is determined that an Entity with which Executive has an arrangement has, without any knowledge of or participation by the Executive, engaged in any activity that would violate this Section 8.5 had Executive known of or participated in the activity, Executive shall be deemed not to have violated this section 8.5 if Executive, within thirty (30) days after becoming aware of such activity (including should Executive receive thereof from CBRL), severs completely his arrangement with such Entity.

8.6 Standstill. Executive covenants and agrees that, during the Non-solicitation Period, he will not in any manner (i) acquire, agree to acquire, or make any proposal (or request permission to make any proposal) to acquire any securities (or direct or indirect rights, warrants, or options to acquire any securities) or property (including the stock or assets of any of CBRL's subsidiaries) of CBRL (other than property transferred in the ordinary course of CBRL's business), unless such acquisition, agreement, or making of a proposal shall have been expressly first approved by (or in the case of a proposal, expressly first invited by) CBRL's Board of Directors, (ii) solicit proxies from CBRL's shareholders or otherwise seek to influence or control the management or policies of CBRL or any of its affiliates or subsidiaries or cooperate, or (iii) assist (including by knowingly providing or arranging financing for that purpose) any other person or Entity in doing any of the foregoing. The Executive will not have violated or be deemed to have violated this Section 8.6 solely as a result of (i) the Executive's investment in capital stock or other securities of CBRL if listed on a national securities exchange or actively traded in the over-the-counter market if the Executive, the members of the Executive's immediate family and their respective affiliates and associates together do not, directly or indirectly, hold more than two percent of all such shares of capital stock or other securities issued and outstanding.

8.7 Executive and CBRL recognize and acknowledge that the scope, area and time limitations contained in this Agreement are reasonable and are properly required for the protection of the business interests of CBRL due to Executive's status and reputation in the industry and the knowledge to be acquired by Executive through his association with CBRL's business and the public's close identification of Executive with CBRL with Executive. Further, Executive acknowledges that his skills are such that he could easily find alternative, commensurate employment or consulting work in his field that would not violate any of the provisions of this Agreement. Executive acknowledges and understands that, as consideration for his execution of this Agreement and his agreement with the terms of the foregoing covenant not to compete, Executive will receive a consulting agreement with and other benefits from CBRL in accordance with this Agreement.

9 . Release. On the Employment Termination Date, the Executive and CBRL will execute and deliver a General Release in the form attached hereto as Attachment A.

10. Remedies; Indemnification of Executive.

(a) Executive understands and acknowledges that his violation of Section 7.1 or Section 8 or any sub-section thereof would cause irreparable harm to CBRL and CBRL would be entitled to an injunction by any court of competent jurisdiction enjoining and restraining Executive from any employment, service, or other act prohibited by this Agreement. The parties agree that nothing in this Agreement shall be construed as prohibiting CBRL from pursuing any remedies available to it for any breach or threatened breach of Section 7.1 or Section 8 or any sub-section thereof, including, without limitation, the recovery of actual damages from Executive or any person or entity acting in concert with Executive. CBRL shall receive injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived by Executive. If any part of Section 7.1 or Section 8 or any sub-section thereof is found to be unreasonable, then it may be amended by appropriate order of a court of competent jurisdiction to the extent deemed reasonable. Furthermore and in recognition that certain provisions in this Agreement are being agreed to by CBRL in reliance upon Executive's compliance with Sections 7.1 and 8, in the event of a breach by Executive of any of the provisions of Section 7.1 or Section 8 or any sub-sections thereof, damages to CBRL would be difficult to determine and, in the event of such breach by Executive, the Consulting Term shall immediately terminate without any action on the part of CBRL and: (a) CBRL shall be released from its obligation to make any further payments or provide benefits to Executive under Section 3 hereof; (b) CBRL shall be released from its obligations under Section 7.2 hereof, and (c) any Equity Awards shall cease to vest as of the date of such breach, and the unvested portion thereof shall be immediately forfeited and thereafter not be distributed to Executive, or be exercisable by Executive, as applicable. If either CBRL or Executive brings suit to compel performance of, to interpret, or to recover damages for the breach of this Agreement, the prevailing party in such litigation shall be entitled to recover its reasonable attorneys' fees in addition to costs and necessary disbursements otherwise recoverable. Additionally, if Executive breaches any of the provisions of Section 8, the value of any Equity Awards that vested during the Consulting Term that are received by Executive shall be disgorged to CBRL.

(b) In recognition that certain provisions in this Agreement are being agreed to by Executive in reliance upon CBRL's compliance with Sections 3 and 7.2, in the event of a breach by CBRL of any of the provisions of Section 3 or any subsections thereof or Section 7.2, Executive will be entitled, at his option, to: (i) a release from his obligations to provide further consulting services under Section 2; (ii) a release from his obligations and restrictions provided for in Section 8; (iii) to the extent permitted by Section 409A of the Code, accelerate the payment of all amounts under Section 3(a); and (iv) to the extent provided for in the Omnibus Plan, accelerate the receipt of and immediately vest any then unvested Equity Awards that would have vested during the Consulting Term; *provided, however*, that notwithstanding the forgoing, Executive shall not be entitled to the releases set forth in subsections (i) and (ii) above or the acceleration of Equity Awards set forth in subsections (iii) and (iv) unless Executive shall first have given CBRL five (5) days prior notice (which notice shall describe the breach of CBRL) and CBRL shall not cure such breach during said five (5) day period. The foregoing remedies are in addition to and not in lieu of any other contractual, legal, or equitable remedies that may be available to Executive. If either Executive or CBRL brings suit to compel performance of, to interpret, or to recover damages for the breach of this Agreement, the prevailing party in such litigation shall be entitled to recover its reasonable attorneys' fees in addition to costs and necessary disbursements otherwise recoverable.

(c) CBRL shall defend, hold harmless and indemnify Executive in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a consultant of CBRL during all or any portion of the Consulting Term or provided services to CBRL against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of CBRL and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Notwithstanding the preceding sentence, no indemnity shall be paid by CBRL: (i) in connection with any proceeding by or in the right of CBRL in which Executive is adjudged liable to CBRL; (ii) if a final judgment or other final adjudication by a court having jurisdiction in the matter shall determine that such indemnity is not lawful; or (iii) in connection with any proceeding charging improper personal benefit to Executive if a final judgment or other final adjudication by a court having jurisdiction in the matter shall determine that such personal benefit was improper.

11. Successors. This Agreement shall inure to the benefit of and be enforceable by the Executive and by the Executive's personal or legal representatives, executors and administrators and by CBRL and its successors and assigns. In the event of the death or disability of the Executive while any amounts are payable to the Executive hereunder, all such amounts, unless otherwise provided herein, shall continue to be paid in accordance with the terms of this Agreement to such person or persons designated in writing by the Executive to receive such amounts or, if no person is so designated, to the Executive's estate or personal representative, as the case may be. The effect of the death or disability of the Executive on the Potential Options and the Restricted Shares shall be determined by reference to the terms of the applicable plans and agreements for those matters including, without limitation, the Omnibus Plan.

12. No Admissions. Neither the execution of this Agreement by CBRL nor the terms hereof constitutes an admission by CBRL, or by any agent or employee of CBRL or the Company Group, of liability or unlawful conduct in any manner.

13. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and shall be binding upon their respective heirs, executors, administrators, successors and assigns.

14. Severability. If any term or provision of this Agreement shall be held to be invalid or unenforceable for any reason, then such term or provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remaining terms or provisions hereof, and such term or provision shall be deemed modified to the extent necessary to make it enforceable.

15. Advice of Counsel. Executive represents and warrants:

(a) That he has carefully read this Agreement, and understands its contents, meaning and intent; and

(b) That, understanding this document, he has freely and voluntarily executed it with the advice of counsel aforesaid, without compulsion, coercion or duress.

16. Amendments. Neither this Agreement nor any term hereof may be orally changed, waived, discharged, or terminated, and may be amended only by a written agreement signed by both of the parties hereto.

17. Governing Law. This Agreement shall be governed by the laws of the State of Tennessee without regard to the conflict of law principles of any jurisdiction.

18. Legally Binding. The terms of this Agreement contained herein are contractual and not mere recitals.

IN WITNESS WHEREOF, the parties acknowledging that they are acting of their own free will have voluntarily caused the execution of this Agreement as of this day and year written below.

EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT, UNDERSTANDS IT, AND IS VOLUNTARILY ENTERING INTO IT.

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ANY AND ALL KNOWN AND UNKNOWN CLAIMS.

/s/ N.B.F. Shoaf

Forrest Shoaf
Date: December 20, 2011

CRACKER BARREL OLD COUNTRY STORE, INC.

By: Sandra B. Cochran
Title: President and CEO
Date: December 20, 2011

ATTACHMENT A

GENERAL RELEASE

Cracker Barrel Old Country Store, Inc., a Tennessee corporation ("CBRL"), and Forrest Shoaf (the "Executive") enter into this Release (this "Release") on the 31st day of December, 2011.

WITNESSETH

WHEREAS, CBRL and the Executive are parties to an Agreement dated as of December 20th, 2011 (the "Consulting Agreement");

WHEREAS, as a condition to the receipt of certain benefits to be paid following the date of this Release (the "Benefits") under the Consulting Agreement and in consideration for the execution and delivery of this Release by CBRL, the Executive has agreed to execute and deliver this Release; and

WHEREAS, in consideration for the agreements and covenants of the Executive contained in the Consulting Agreement and the execution and delivery of this Release by the Executive, CBRL has agreed to execute and deliver this Release.

NOW THEREFORE, in consideration of the covenants and mutual promises herein contained, it is agreed as follows:

1. The Executive, on behalf of the Executive and anyone claiming through the Executive, hereby agrees not to sue or authorize or allow suit to be brought against CBRL or any of its divisions, subsidiaries, affiliates or other related entities of the above specified entities (whether or not such entities are wholly owned) or any of the past, present or future directors, officers, administrators, trustees, fiduciaries, employees, agents or attorneys of CBRL or any of such other entities, or the predecessors, successors or assigns of any of them (hereinafter referred to as the "Released Parties"), and hereby releases and discharges, fully, finally and forever, the Released Parties from any and all claims, causes of action, lawsuits, liabilities, debts, accounts, covenants, contracts, controversies, agreements, promises, sums of money, damages, judgments and demands of any nature whatsoever, in law or in equity, both known and unknown, asserted or not asserted, foreseen or unforeseen, which the Executive ever had or may presently have against any of the Released Parties arising from the beginning of time up to and including the date on which this Release is signed and delivered to CBRL, including, without limitation, all matters in any way related to the Executive's employment by CBRL, the terms and conditions thereof, the Retention Agreement (as such term is defined in the Consulting Agreement), any failure to promote the Executive and the termination or cessation of the Executive's employment with CBRL, and including, without limitation, any and all claims arising under the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Civil Rights Act of 1866, the Age Discrimination in Employment Act of 1967, as amended, the Older Workers' Benefit Protection Act of 1990, the Family and Medical Leave Act, the Americans With Disabilities Act, the Employee Retirement Income Security Act of 1974, the Tennessee Human Rights Act, the Tennessee Employment of the Handicapped Act, the Genetic Information Nondiscrimination Act, the Employee Retirement Income Security Act of 1974, as amended, the Equal Pay Act of 1963, as amended, Section 409A of the Internal Revenue Code of 1986, as amended or any other federal, state, local or foreign statute, regulation, ordinance or order, or pursuant to any common law doctrine; *provided, however*, that nothing contained in this Release shall apply to, or release CBRL from any obligation (i) contained in the Consulting Agreement or this Release, (ii) to indemnify Executive as required by T.C.A §48-18-507 and CBRL's bylaws or (iii) with respect to any vested benefit with respect to the Executive pursuant to any employee benefit or equity plan of CBRL other than any severance or retention program or practice. The Executive acknowledges that the consideration offered in connection with the Consulting Agreement was and is in part for this Release and such portion of such consideration is accepted by the Executive as being in full accord, satisfaction, compromise and settlement of any and all claims or potential claims, and the Executive expressly agrees that the Executive is not entitled to, and shall not receive, any further recovery of any kind from CBRL or any of the other Released Parties, and that in the event of any further proceedings whatsoever based upon any matter released herein, neither CBRL nor any of the other Released Parties shall have any further monetary or other obligation of any kind to the Executive, including any obligation for any costs, expenses or attorneys' fees incurred by or on behalf of the Executive, except as provided in the Consulting Agreement or in this Release. While this Release does not prevent the Executive from filing a Charge of Discrimination with the United States Equal Employment Opportunity Commission, he hereby waives any claim to damages or personal equitable relief in the event such a Charge is filed by him or on his behalf.

2. The Executive expressly represents and warrants that he is the sole owner of the actual and alleged claims, demands, rights, causes of action and other matters that are released herein, that the same have not been transferred or assigned or caused to be transferred or assigned to any other person, firm, corporation or other legal entity, and that he has the full right and power to grant, execute and deliver the general release, undertakings and agreements contained herein.

3. THE EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS THE EXECUTIVE MAY HAVE AS OF THE DATE THE EXECUTIVE SIGNS THIS RELEASE REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). THE EXECUTIVE FURTHER AGREES: (A) THAT THE EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKER'S BENEFIT PROTECTION ACT OF 1990; (B) THAT THE EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (C) THAT CERTAIN BENEFITS CALLED FOR IN THE CONSULTING AGREEMENT TO BE PAID FOLLOWING THE DATE OF THIS RELEASE WOULD NOT BE PROVIDED TO ANY EXECUTIVE TERMINATING HIS OR HER EMPLOYMENT WITH CBRL WHO DID NOT SIGN A RELEASE SIMILAR TO THIS RELEASE, THAT SUCH BENEFITS WOULD NOT HAVE BEEN PROVIDED IN THEIR ENTIRETY HAD THE EXECUTIVE NOT SIGNED THIS RELEASE, AND THAT SUCH BENEFITS ARE IN EXCHANGE IN PART FOR THE SIGNING OF THIS RELEASE; (D) THAT THE EXECUTIVE HAS BEEN ADVISED AND ENCOURAGED IN WRITING BY CBRL TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (E) THAT CBRL HAS GIVEN THE EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (F) THAT THE EXECUTIVE REALIZES THAT FOLLOWING THE EXECUTIVE'S EXECUTION OF THIS RELEASE, THE EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (G) THAT THIS RELEASE SHALL BE VOID AND OF NO FORCE AND EFFECT IF THE EXECUTIVE CHOOSES TO SO REVOKE, AND IF THE EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS RELEASE THEN BECOMES EFFECTIVE AND ENFORCEABLE.

4. CBRL hereby releases the Executive from any and all claims, demands or causes of action of any kind that it now has or hereafter may have against the Executive arising out of or related to the Executive's employment or association with CBRL, with the exception of claims, demands or causes of action arising out of or related to criminal acts, fraud or knowing wrongful conduct, that arise out of or relate to any occurrences prior to the date of this Release; *provided, however*, that nothing contained in this Release shall apply to, or release the Executive from, any obligation contained in the Consulting Agreement or this Release.

5. The Consulting Agreement and this Release constitute the entire agreement and understanding between the parties. The Executive has not relied on any oral statements that are not expressly stated in the Consulting Agreement or this Release.

6. This Release shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Tennessee without regard to the principle of conflicts of laws.

EXECUTIVE

/s/ N.B.F. Shoaf

Forrest Shoaf

CRACKER BARREL OLD COUNTRY STORE, INC.

/s/ Sandra B. Cochran

Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION

I, Sandra B. Cochran, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 21, 2012

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

EXHIBIT 31.2

CERTIFICATION

I, Lawrence E. Hyatt, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 21, 2012

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

Exhibit 32.1

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended January 27, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sandra B. Cochran, President and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: February 21, 2012

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

Exhibit 32.2

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended January 27, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence E. Hyatt, Senior Vice President and Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: February 21, 2012

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