

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934 (No Fee Required)

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

For the transition period from _____ to _____

For fiscal year ended August 1, 1997 Commission file number
0-7536

CRACKER BARREL OLD COUNTRY STORE, INC.
(Exact name of registrant as specified in its charter)

Tennessee 62-0812904
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

Hartmann Drive, P.O. Box 787 37088-0787
Lebanon, Tennessee (Zip code)
(Address of principal executive offices)

Registrant's telephone number, including area code:

(615)444-5533

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

None

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

Common Stock
(Par Value \$.50)

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

The aggregate market value of voting stock held by nonaffiliates of the registrant is \$1,918,787,697 as of September 29, 1997.

61,395,068

(Number of shares of common stock outstanding as of September 29, 1997.)

1

Documents Incorporated by Reference

Document from which Portions are Incorporated by Reference	Part of Form 10-K to which incorporated
1. Annual Report to Shareholders for the fiscal year ended August 1, 1997	Items 6, 7 and 8
2. Proxy Statement for Annual Meeting of Shareholders to be held November 25, 1997	Part III

Except for specific historical information, the matters discussed in this Form 10-K, as well as the Company's Annual Report to Shareholders for the year ended August 1, 1997 incorporated herein by reference, are forward-looking statements that involve risks, uncertainties and other factors which may cause actual results and performance of Cracker Barrel Old Country Store, Inc. to differ materially from those expressed or implied by such statements. Factors which will affect actual results include, but are not limited to: the availability and costs of acceptable sites for development; the ability of the Company to recruit and train restaurant personnel in its expansion locations; the acceptance of the Cracker Barrel concept as the Company continues to expand into new geographic regions; continued successful development of new and regional menu items; changes in or implementation of additional governmental rules and regulations; and other factors described from time to time in the Company's filings with the Securities and Exchange Commission, press releases and other communications.

PART I

ITEM 1. BUSINESS

Overview

Cracker Barrel Old Country Store, Inc. and subsidiaries (the "Company" or "Cracker Barrel") own and operate 319 full service "country store" restaurants which are primarily located in the southeast, midwest, mid-atlantic and southwest United States. The majority of stores are located along interstate highways, however, ten stores are located at "tourist destinations". The restaurants serve breakfast, lunch and dinner between the hours of 6:00 a.m. and 10:00 p.m. (11:00 p.m. on Fridays and Saturdays) and feature home style country cooking prepared on the premises from the Company's own recipes using quality ingredients and emphasizing authenticity. Menu items are moderately priced and include country ham, chicken, fish, barbecue pork ribs, roast beef, beans, turnip greens, vegetable plates, salads, sandwiches, pancakes, eggs, bacon, sausage and grits. The restaurants do not serve alcoholic beverages. The stores are constructed in a rustic, country store design and feature a separate retail area offering a wide variety of decorative and functional items specializing in hand-blown glassware, cast iron cookware, toys and wood crafts as well as various old fashioned candies, jellies and other foods. The Company considers its store operations to constitute an integrated, single line of business.

As announced on August 21, 1996, the Company took a one-time charge related to store closures and certain other write-offs. The details related to this charge are included in Note 1 under "Store closing costs" on page 32 of the Company's 1997 Annual Report.

Operations

STORE FORMAT: The format of Cracker Barrel stores consists of a rustic, country store style building. All stores are free standing buildings with adequate parking facilities and standard landscaping. Store interiors are subdivided into a dining room consisting of approximately 23% of the total interior store space, a retail shop consisting of approximately 21% of such space, with the balance primarily consisting of kitchen and storage areas. All stores have wood-burning fireplaces and are decorated with antique-style furnishings and other authentic items of the past similar to those used and sold in original old country stores. The kitchens contain modern food preparation and storage equipment allowing for extensive flexibility in menu variation and development.

PRODUCTS: Cracker Barrel's restaurants offer rural American cooking featuring the Company's own recipes. In keeping with the Company's emphasis on authenticity and quality, Cracker Barrel restaurants prepare menu selections on the premises. The Company's restaurants offer breakfast, lunch and dinner from a moderately-priced menu. Most items may be ordered at any time throughout the day. Breakfast items include juices, eggs, pancakes, bacon, country ham, sausage, grits, and a variety of biscuit specialties, with prices for a breakfast meal ranging from \$2.59 to \$7.49. Lunch and dinner items include country ham, chicken, fish, steak, barbecue pork ribs, roast beef, beans, turnip greens, vegetable plates, salads, sandwiches, homemade soups and specialty items such as beef stew with muffins. Lunches and dinners range in price from \$2.99 to \$14.99. The Company from time to time increases its prices and increased its menu prices approximately 1% in October 1996 and 2% in May 1997.

The retail stores, which are decorated with antique signs, primitive tools and other memorabilia in a turn-of-the-century atmosphere, offer a wide variety of items consisting primarily of hand-blown glassware, cast iron cookware, old-fashioned crockery, handcrafted figurines, classic children's toys and various other gift items, as well as various candies, preserves, smoked sausage, syrups and other foodstuffs. Many of the candy items, smoked bacon, jellies and jams along with other high quality products are sold under the "Cracker Barrel Old Country Store" brand name.

PRODUCT MERCHANDISING: Cracker Barrel maintains a product development department which develops new and improved menu items in response to shifts in customer preferences. Company merchandising specialists are involved on a continuing basis in selecting and positioning of merchandise in the retail shop. Management believes that the Company has adequate flexibility to meet future shifts in consumer preference on a timely basis.

STORE MANAGEMENT: Store management typically consists of a general manager, four associate managers and a retail manager who are responsible for approximately 100 employees on two shifts. The relative complexity of operating a Cracker Barrel Old Country Store requires an effective management team at the individual store level. As a motivation to store managers to improve sales and operational efficiency, Cracker Barrel has a bonus plan designed to provide store management with an opportunity to share in the pre-tax profits of their store when meeting or exceeding predetermined performance criteria. To assure that individual stores are operated at a high level of quality, the Company emphasizes the selection and training of store managers and has a level of District Management to support individual store managers.

The store management recruiting and training program begins with an evaluation and screening process. In addition to multiple interviews and background and experience verification, the Company conducts testing which it believes is important in selecting those applicants best suited to manage store operations. Those candidates who successfully pass this screening process are then required to complete an 11-week training program consisting of eight weeks of in-store training and three weeks of training at the Company's corporate facilities. This program allows new managers the opportunity to become familiar with the Company's operations, management objectives, controls and evaluation criteria before assuming management responsibility.

PURCHASING AND DISTRIBUTION: Cracker Barrel negotiates directly with food vendors as to price and other material terms of most food purchases. The Company purchases the majority of its food products and restaurant supplies on a cost-plus basis through a distributor headquartered in Nashville, Tennessee with custom distribution centers in Lebanon, Tennessee; Dallas, Texas; Gainesville, Florida; and Belcamp, Maryland. The distributor is responsible for placing food orders and warehousing and delivering food products to the Company's stores. This distributor is not affiliated with the Company. Certain perishable food items are purchased locally by the Company's stores.

On January 10, 1997, the Company signed a new agreement with the food distributor which became effective February 1, 1997. This agreement, characterized as a "Prime Vendor Contract", outlined the relationship between the Company and the distributor and is considered a mutual agreement between both parties that will permit a profitable relationship. The contract will remain in effect until it is mutually modified in writing by both parties or until terminated by either the Company or the distributor upon one hundred eighty days written notice to the other party.

The single food category accounting for the largest share (approximately 17%) of the Company's food purchasing expense is pork. The single food item within the pork category accounting for the largest share of the Company's food purchasing expense is country ham. The Company presently purchases its pork food items through ten vendors and its country ham through two vendors. Should any pork items from these vendors become unavailable for any reason, management is of the opinion that these food items could be obtained in sufficient quantities from other sources at competitive prices.

The majority of retail items are purchased directly by Cracker Barrel, warehoused at its Lebanon distribution center and shipped to the stores. On December 20, 1996, the Company signed a dedicated carriage agreement with an unaffiliated transportation company for the transportation of retail merchandise from the Company's distribution center throughout the contiguous forty-eight states. This agreement, which is for a period of forty eight (48) months, sets forth the relationship between the respective companies and is structured to facilitate the growth of the Company's retail business over the next four years. The transportation company or the Company may terminate the agreement on any annual anniversary date by giving the other party sixty (60) days prior written notice. Certain retail items are shipped directly to the Company's stores.

QUALITY, COST AND INVENTORY CONTROLS: Costs are monitored by management to determine if any material variances in food cost or operating expenses have occurred. The Company's computer systems are used to analyze store operating information by providing management reports for continual monitoring of sales mix and detailed operational cost data. This system is also used in the development of budget analyses and planning.

MARKETING: New store locations generally are not advertised in the media until several weeks after they have been opened in order to give the staff time to adjust to local customer habits and traffic volume. To effectively reach consumers in the primary trade area for each Cracker Barrel store and also interstate travelers and tourists, outdoor advertising is the primary advertising media utilized, accounting for approximately 50% of advertising expenditures. The Company utilizes various types of media, such as television and radio, in its core markets to maintain customer awareness. Outside of its core markets, radio and print are the primary media used in an effort to increase name awareness and to build brand loyalty. The Company defines its core market based on geographic location, longevity in the market and name awareness in the market.

SEASONAL ASPECTS: Historically the profits of the Company have been lower in the second fiscal quarter than in the first and third fiscal quarters and highest in the fourth fiscal quarter. Management attributes these variations primarily to the decrease in interstate tourist traffic during the winter months and the increase in interstate tourist traffic during the summer months.

WORKING CAPITAL: In the restaurant industry substantially all sales are either for cash or credit card. Like most other restaurant companies, the Company is able to, and may from time to time, operate with negative working capital. Restaurant inventories purchased through the food distributor are now on terms of net zero days, while restaurant inventories purchased locally are generally financed from normal trade credit. Retail inventories purchased domestically are generally financed from normal trade credit, while retail imported inventories are generally purchased through letters of credit. These various trade terms are aided by rapid turnover of the restaurant inventory.

Expansion

The Company opened fifty new stores in fiscal 1997. Ten of the stores are located on Interstate 95 in Belcamp, Maryland, Jacksonville, Florida, Titusville, Florida, Boynton Beach, Florida, Fayetteville, North Carolina, Wilson, North Carolina, Milford, Connecticut, Chester, Virginia, St. Augustine, Florida, and Santee, South Carolina; three are located on Interstate 20 in Vicksburg, Mississippi, Benbrook, Texas, and Oxford, Alabama; Interstate 40 in Alma, Arkansas, Flagstaff, Arizona and Midwest City, Oklahoma; Interstate 70 in Kansas City, Kansas, Springfield, Ohio and New Stanton, Pennsylvania; and Interstate 90 in Erie, Pennsylvania, East Greenbush, New York and Lancaster, New York; two are located on Interstate 55 in Batesville, Mississippi and Romeoville, Illinois; Interstate 59 in Hattiesburg, Mississippi and Tuscaloosa, Alabama; Interstate 75 in Venice, Florida and Brighton, Michigan; Interstate 77 in Mooresville and Jonesville, North Carolina; Interstate 78 in Hamburg and Fogelsville, Pennsylvania; and Interstate 81 in Cicero and Watertown, New York; and one each is located on: 31st Avenue in Tulsa, Oklahoma; Highway 17 in South Myrtle Beach, South Carolina; Highway 358 in Corpus Christi, Texas; Interstate 8 in Yuma, Arizona; Interstate 10 in Sulfur, Louisiana; Interstate 15 in Layton, Utah;

Interstate 64 in Barboursville, West Virginia; Interstate 25 in Pueblo, Colorado; Interstate 29 in St. Joseph, Missouri; Interstate 35 in Burleson, Texas; Interstate 65 in Greenville, Alabama; Interstate 71 in La Grange, Kentucky; Interstate 181 in Johnson City, Tennessee; Interstate 196 in Grandville, Michigan; Interstate 215 in West Valley, Utah; and Interstate 275 in Forrest Park, Ohio.

The Company plans to open fifty new stores during fiscal 1998. Twelve of the stores are already open: two are located on: Interstate 85 in Henderson, North Carolina and Commerce, Georgia; and Interstate 10 in Marana, Arizona and Gonzales, Louisiana; and one each is located on: Interstate 15 in Springville, Utah; Interstate 35 in Edmond, Oklahoma; Interstate 40 in Russellville, Arkansas; Interstate 55 in Hammond, Louisiana; Interstate 77 in Beckley, West Virginia; and Interstate 90 in Billings, Montana; Interstate 295 in Pennsville, New Jersey; and Loop 101 in Peoria, Arizona.

Prior to committing to a new location, the Company performs extensive reviews of various available sites, gathering approximate cost, demographic and traffic data. This information is entered into a model to help with the decision on building a store. The Company utilizes in-house engineers to consult on architectural plans, to develop engineering plans and to oversee new construction. The Company is currently engaged in the process of seeking and selecting new sites, negotiating purchase or lease terms and developing chosen sites.

It is the Company's preference to own its store properties. Of the 319 stores open as of October 31, 1997, the Company owns 301, while the other 18 properties are either ground leases or ground and building leases. Currently, average cost for a new store is approximately \$1,250,000 for land and sitework, \$800,000 for building, and \$550,000 for equipment. The current store size is approximately 10,000 square feet with 184 seats in the restaurant.

Employees

As of August 1, 1997, Cracker Barrel employed 35,805 people, of whom 399 were in advisory and supervisory capacities, 1,876 were in store management positions and 17 were officers of the Company. Many of the restaurant personnel are employed on a part-time basis. The Company has an incentive plan for its hourly employees which is intended to lower turnover and to increase productivity by providing a defined career path through testing and ranking of employees. The Company's employees are not represented by any union, and management considers its employee relations to be good.

Competition

The restaurant business is highly competitive and is often affected by changes in the taste and eating habits of the public, local and national economic conditions affecting spending habits, and population and traffic patterns. Restaurant industry segments overlap and often provide competition for widely diverse restaurant concepts. The principal basis of competition in the industry is the quality and price of the food products offered. Site selection, quality and speed of service, advertising and the attractiveness of facilities are also important.

There are a large number of restaurants catering to the public, including several franchised operations in the family segment of the restaurant industry, which are substantially larger and have greater financial and marketing resources than those of the Company and which compete directly and indirectly in all areas in which the Company operates.

Trademarks

The Company owns certain registered copyrights, patents and trademarks relating to the name "Cracker Barrel Old Country Store", as well as its logo, menus, designs of buildings, general trade dress and other aspects of operations. The Company believes that the use of these names have some value in maintaining the atmosphere and public acceptance of its mode of operations.

Research and Development

While research and development are important to the Company, these expenditures have not been material.

Compliance With Environmental Protection Requirements

Compliance with federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment should have no material effect upon capital expenditures, earnings, or the competitive position of the Company.

ITEM 2. PROPERTIES

The Company's present corporate headquarters and warehouse facilities are situated on approximately 120 acres of land owned by the Company in Lebanon, Tennessee.

The Company utilizes approximately 190,000 square feet of office space and 400,000 square feet of warehouse facilities. Management feels that the current amount of office space is sufficient to meet the Company's needs through the end of fiscal 1999.

In addition to the corporate facilities, the Company owns or leases the following properties as of October 31, 1997:

State	Owned		Leased	
	Land	Buildings	Land	Buildings
Tennessee	27	28	8	5
Florida	32	29	-	-
Texas	22	20	-	-
Georgia	19	18	2	2
North Carolina	20	19	1	-
Illinois	18	19	1	-
Ohio	16	17	2	-
Indiana	16	15	-	-
Virginia	14	14	-	-
Alabama	13	12	1	1
Kentucky	12	11	2	2
Michigan	13	13	-	-
Missouri	12	11	-	-
South Carolina	10	10	2	1
Louisiana	8	8	-	-
Mississippi	8	8	-	-
Pennsylvania	8	6	-	-
Arizona	7	5	-	-
Oklahoma	6	5	-	-
West Virginia	6	5	-	-
New York	5	4	1	-
Arkansas	5	4	-	-
Wisconsin	5	4	-	-
Colorado	4	4	-	-
Kansas	4	3	-	-
Minnesota	4	3	-	-
Iowa	3	3	-	-
Utah	3	3	-	-
New Mexico	2	2	1	-
Maryland	2	2	-	-
Connecticut	1	1	-	-
Montana	1	1	-	-
New Jersey	-	1	1	-
Idaho	1	-	-	-
Nebraska	1	-	-	-

See "Business-Operations" and "Business-Expansion" for additional information on the Company's stores.

ITEM 3. LEGAL PROCEEDINGS

The Company is not involved in any material pending legal proceedings.

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

Not applicable.

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

Executive Officers of the Registrant

The following table sets forth certain information concerning the executive officers of the Company as of September 29, 1997:

Name	Age	Position with Registrant
Dan W. Evins	62	Chairman of the Board & Chief Executive Officer
Ronald N. Magruder	49	President & Chief Operating Officer
Michael A. Woodhouse	52	Senior Vice President, Finance & Chief Financial Officer
Michael D. Adkins	42	Senior Vice President, Restaurant Operations
Norman J. Hill	55	Senior Vice President, Human Resources
Richard G. Parsons	45	Senior Vice President, Merchandising
James F. Blackstock	50	Vice President, General Counsel and Secretary
Ellen C. Cozart	39	Vice President, Human Resources
Judith K. Donovan	42	Vice President, New Business Development
James D. Fisher	51	Vice President, Marketing
Mattie H. Hankins	57	Vice President & Controller
Debra K. Kidwell	38	Vice President, Retail Purchasing
Donald G. Kravitz	61	Vice President, Property Development
Michael J. Matheny	50	Vice President, Information Services
Thomas R. Pate	38	Vice President, Training and Management Development
Jonathan C. Sleik	46	Vice President, Purchasing and Distribution
Mark W. Tanzer	40	Vice President, Product Development
John J. Davoli	45	Regional Vice President, Restaurants
Scott C. Diffenderfer	43	Regional Vice President, Restaurants
Cecilia S. Gibson	42	Regional Vice President, Retail
Carolyn M. Hall	40	Regional Vice President, Retail

Dan L. Markley	40	Regional Vice President, Retail
Terry A. Maxwell	38	Regional Vice President, Restaurants
Cyril J. Taylor	43	Regional Vice President, Restaurants
Stanley L. Warner	43	Regional Vice President, Restaurants
Gary L. Wooddell	33	Regional Vice President, Retail

The following background material is provided for those executive officers who have been employed by the Registrant for less than five years:

Prior to his employment with the Company in August, 1995, Mr. Magruder was Vice-Chairman of Darden Restaurants, Inc. from 1994 to 1995. Mr. Magruder had been employed by General Mills for 23 years, serving in various capacities within their restaurant division. Previously, Mr. Magruder was Executive Vice President of General Mills Restaurants and President of the Olive Garden from 1987 to 1994.

Prior to his employment with the Company in January 1995, Mr. Fisher was Executive Vice President of Marketing with Baker's Square since 1993. Mr. Fisher was Vice President of Marketing with Shakey's Pizza, Inc. from 1989 to 1993.

Prior to his employment with the Company in November 1995, Mr. Sleik was with Darden Restaurants, Inc. most recently as Vice President of Remodeling and Facilities. He was Executive Vice President of Operations for the Olive Garden from 1985 to 1994 and Vice President of Purchasing and Distribution for Red Lobster from 1980 to 1985.

Prior to his employment with the Company in December 1995, Mr. Woodhouse was Senior Vice President and Chief Financial Officer of Daka International, Inc. from 1993 to 1995. Mr. Woodhouse was Vice President and Chief Financial Officer of Tia's Inc. from 1992 to 1993. Prior to 1992 he was Executive Vice President and Chief Financial Officer of Metromedia Steakhouses, Inc.

Prior to his employment with the Company in February 1996, Mr. Matheny was with Boston Chicken as Director of Systems. He was Director of Management Information Systems with El Chico Restaurants from 1992 through 1995. Prior to 1992, he served in various divisional roles with Metromedia working with their Steak and Ale and Ponderosa concepts.

Prior to her employment with the Company in September 1996, Ms. Donovan was with Darden Restaurants, Inc. from 1989-1996 serving most recently as Senior Vice President of New Business Development. Prior to her most recent role, she was Senior Vice President and Division General Manager of The Olive Garden.

Prior to his employment with the Company in June 1997, Mr. Blackstock was with Travel Centers of America, Inc. from 1993 to 1997 serving as Vice President, General Counsel and Secretary. Prior to 1993, Mr. Blackstock practiced law in Los Angeles, California as a principal in the firm of James F. Blackstock, Professional Law Corporation.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Since the initial public offering of the Company's common stock in November 1981, the Company's common stock has been traded on The Nasdaq Stock Market (National Market System) with the symbol CBRL. There were 19,313 shareholders of record as of September 29, 1997.

The following table indicates the high and low sales prices of the Company's common stock as reported on The Nasdaq Stock Market (National Market System) during the periods indicated.

Quarter	Fiscal Year 1997 Prices		Fiscal Year 1996 Prices	
	High	Low	High	Low
First	\$25.63	\$19.63	\$21.50	\$17.38
Second	28.38	19.88	19.25	15.75
Third	29.25	24.88	24.88	17.88
Fourth	29.88	23.75	27.38	19.38

In September 1983 the Board of Directors of the Company initiated a policy of declaring dividends on a quarterly basis. Prior to such date the Board followed a policy of declaring annual dividends during the first fiscal quarter. Quarterly dividends of \$.005 per share were paid during all four quarters of fiscal 1996 and 1997. The Company foresees paying comparable cash dividends per share in the future.

The covenants relating to the 9.53% Senior Notes in the original amount of \$30,000,000 impose certain restrictions on the payment of cash dividends and the purchase of treasury stock. Retained earnings not restricted under the covenants were approximately \$382,000,000 at August 1, 1997.

ITEM 6. SELECTED FINANCIAL DATA

The table "Selected Financial Data" on page 23 of the Company's Annual Report to Shareholders for the year ended August 1, 1997 (the "1997 Annual Report") is incorporated herein by reference.

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

The following portions of the 1997 Annual Report are incorporated herein by reference:

Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 24 through 26.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following portions of the 1997 Annual Report are incorporated herein by reference:

Consolidated Financial Statements and Independent Auditors' Report on pages 27 through 39.

Quarterly Financial Data (Unaudited) on page 38.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item with respect to directors of the Company is incorporated herein by reference to the section entitled "Election of Directors" in the Company's definitive proxy statement for its 1997 Annual Meeting of Shareholders (the "1997 Proxy Statement"). The information required by this item with respect to executive officers of the Company is set forth in Part I of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the section entitled "Executive Compensation" in the Company's 1997 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is incorporated herein by reference to the section entitled "Security Ownership of Management" in the Company's 1997 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated herein by reference to the section entitled "Transactions with Management" in the Company's 1997 Proxy Statement.

PART IV

ITEM 14. EXHIBITS AND REPORTS ON FORM 8-K

A. List of documents filed as part of this report:

1. The following Financial Statements and the Report of Deloitte & Touche LLP on pages 27 through 39 of the 1997 Annual Report are incorporated herein by reference:

Independent Auditors' Report dated September 10, 1997

Consolidated Balance Sheet as of August 1, 1997 and August 2, 1996

Consolidated Statement of Income for each of the three fiscal years ended August 1, 1997, August 2, 1996 and July 28, 1995

Consolidated Statement of Changes in Stockholders' Equity for each of the three fiscal years ended August 1, 1997, August 2, 1996 and July 28, 1995

Consolidated Statement of Cash Flows for each of the three fiscal years ended August 1, 1997, August 2, 1996 and July 28, 1995

Notes to Consolidated Financial Statements

2. The exhibits listed in the accompanying Index to Exhibits on pages 14 & 15 are filed as part of this annual report.

B. Reports on Form 8-K:

There were no reports filed on Form 8-K during the fourth quarter of the fiscal year ended August 1, 1997.

SIGNATURES

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

CRACKER BARREL OLD COUNTRY STORE, INC.

By: /s/Dan W. Evins

 Dan W. Evins
 CEO and Chairman of the Board
 (Principal Executive Officer)

By: /s/Mattie H. Hankins

 Mattie H. Hankins
 Vice President & Controller

By: /s/Michael A. Woodhouse

 Michael A. Woodhouse
 Senior Vice President, Finance
 (Principal Financial Officer)

Date: October 24, 1997

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

/s/James C. Bradshaw, M.D.

 James C. Bradshaw, M.D., Director

 Charles T. Lowe, Jr., Director

/s/B.F. Lowery

 Robert V. Dale, Director

 B. F. Lowery, Director

/s/Dan W. Evins

 Dan W. Evins, Director

/s/Ronald N. Magruder

 Ronald N. Magruder, Director

/s/Edgar W. Evins

 Edgar W. Evins, Director

/s/ Gordon L. Miller

 Gordon L. Miller, Director

/s/William D. Heydel

 William D. Heydel, Director

 Martha M. Mitchell, Director

 Robert C. Hilton, Director

 Jimmie D. White, Director

 Charles E. Jones, Jr., Director

INDEX TO EXHIBITS

Exhibit

- 3(a) Charter (1)
- 3(b) Bylaws (2)
- 4(a) Note Agreement dated as of January 1, 1991, relating to \$30,000,000 of 9.53% Senior Notes (3)
- 10(a) Credit Agreement dated February 18, 1997, relating to the \$50,000,000 Term Loan and the \$75,000,000 Revolving Credit and Letter of Credit Facility
- 10(b) Lease dated August 27, 1981 for lease of Clarksville, Tennessee, and Macon, Georgia, stores between B. F. Lowery, general counsel and a director, and the Company (4)
- 10(c) The Company's Incentive Stock Option Plan of 1982, as amended (5)
- 10(d) The Company's 1987 Stock Option Plan, as amended (1)
- 10(e) The Company's Amended and Restated Stock Option Plan (6)
- 10(f) The Company's Non-Employee Director's Stock Option Plan, as amended (7)
- 10(g) The Company's Executive Employment Agreement (5)
- 10(h) The Company's Non-Qualified Savings Plan, effective 1/1/96, as amended (8)
- 10(i) The Company's Deferred Compensation Plan, effective 1/1/94 (8)
- 10(j) Executive Employment Agreement for Ronald N. Magruder dated 7/5/95 (9)
- 10(k) Executive Employment Agreement for Michael A. Woodhouse dated 11/15/95 (9)
- 13 Pertinent portions, incorporated by reference herein, of the Company's 1997 Annual Report to Shareholders
- 21 Subsidiaries of the Registrant
- 22 Definitive Proxy Materials
- 23 Consent of Deloitte & Touche LLP

- (1) Incorporated by reference to the Company's Registration Statement on Form S-8 under the Securities Act of 1933 (File No. 33-45482).
- (2) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended July 28, 1995. (File No. 0-7536).
- (3) Incorporated by reference to the Company's Registration Statement on Form S-3 under the Securities Act of 1933 (File No. 33-38989).
- (4) Incorporated by reference to the Company's Registration Statement on Form S-7 under the Securities Act of 1933 (File No. 2-74266).
- (5) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended July 28, 1989 (File No. 0-7536).
- (6) Incorporated by reference to the Company's 1996 Definitive Proxy materials, attached hereto as Exhibit 22.
- (7) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended August 2, 1991 (File No. 0-7536).
- (8) Incorporated by reference to the Company's Annual Report on Form 10-K under the Securities Exchange Act of 1934 for the fiscal year ended August 2, 1996 (File No. 0-7536).
- (9) Incorporated by reference to the Executive Employment Agreement section, page 12 and 13 of the Company's 1997 Definitive Proxy materials, attached hereto as Exhibit 22.

CREDIT AGREEMENT

By and Among

CRACKER BARREL OLD COUNTRY STORE, INC.,
THE LENDERS LISTED HEREIN,

and

SUNTRUST BANK, NASHVILLE, N.A.
As Agent

\$125,000,000 Revolving Credit, Term Loan and Letter of Credit
Facility

February 18, 1997

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 EXHIBIT E Form of Borrowing Request
 EXHIBIT F Form of Guaranty Agreement
 EXHIBIT G Form of Certificate of Compliance under Section 5.01(c)

CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made and entered into as of this 18th day of February, 1997, by and between CRACKER BARREL OLD COUNTRY STORE, INC., a Tennessee corporation (the "Borrower"), SUNTRUST BANK, NASHVILLE, N.A. ("STB"), WACHOVIA BANK OF GEORGIA, N.A. ("Wachovia"), THE FIRST NATIONAL BANK OF CHICAGO ("First Chicago"), and the other banks and lending institutions who become Lenders pursuant to Section 12.12 herein (STB, Wachovia, First Chicago and such other banks and lending institutions are referred to collectively as the "Lenders"), and SUNTRUST BANK, NASHVILLE, N.A., Agent in its capacity as agent for the Lenders and each successive agent for such Lenders as may be appointed from time to time pursuant to Article XII herein (the "Agent").

RECITALS

A. The Borrower desires that the Lenders extend the Borrower credit pursuant to the terms of this Credit Agreement.

B. The Lenders are willing to extend the Borrower credit pursuant to the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the parties hereto agree as follows:

Article I. Definitions.

Section 1.01 Construction of Terms. The terms defined in this article have the meanings attributed to them in this article. Singular terms shall include the plural as well as the singular, and vice versa. Words of masculine, feminine or neuter gender shall mean and include the correlative words of other genders. All references herein to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof. All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles applied on a consistent basis. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application thereof. All references herein to designated "Articles", "Sections" and other subdivisions or to lettered Exhibits are to the designated Articles, Sections and other subdivisions hereof and the Exhibits annexed hereto unless the context otherwise clearly indicates. All Article, Section, other subdivision and Exhibit captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Agreement.

Section 1.02 Definitions. As used in this Agreement, the following terms shall have the following meanings, unless the context expressly otherwise requires:

"Advance" or "Advances" shall mean any and all amounts advanced by Lenders to or for the account of Borrower hereunder, including credit extended under the Term Loan, the Revolving Credit Loan and all amounts advanced by the Swing Line Lender under the Swing Line Loan, including, without limitation, advances of loan proceeds, payments in overdraft, and amounts evidenced by Letters of Credit. The terms "Advance" and "Loan" are used interchangeably in this Agreement.

"Affiliate" of any specified Person means any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controls" and "controlled" have meanings correlative to the foregoing.

"Agent" means SunTrust Bank, Nashville, N.A. or its successor as appointed pursuant to the provisions of Article XII herein.

"Agreement" means this Credit Agreement (including all exhibits hereto) as the same may be modified, amended, or

supplemented from time to time.

"Applicable Rate" means: (i) with respect to the Revolving Credit Loan either the Base Rate Option or the LIBOR Rate Option, as elected by Borrower; (ii) with respect to the Term Loan, the Term Loan Rate; and (iii) with respect to the Swing Line Loan, the Swing Line Rate.

"Assignment and Acceptance" means an Assignment and Acceptance form executed by a Lender assigning its interest in the Revolving Credit Loan and/or the Term Loan (other than as participation), to an Eligible Assignee in a form reasonably satisfactory to Agent.

"Base Rate" means the rate of interest equal to the rate of interest most recently announced by Agent as its reference, base, or prime lending rate, as the case may be, for Dollar loans in the United States.

"Base Rate Option" shall mean that rate of interest equal to the higher of (i) the Base Rate minus one percent (1%) per annum; or (ii) the Federal Funds Rate (as in effect from time to time) plus one-half of one percent (1/2%) per annum. The Base Rate Option is determined daily.

"Borrower" means Cracker Barrel Old Country Store, Inc. and its permitted successors and assigns.

"Borrowing Request" means a request in the form of Exhibit E hereto submitted by Borrower for an Advance as described in Section 2.05 of this Agreement.

"Business Day" means any day other than a Saturday, a Sunday, a legal holiday or day on which commercial banks are authorized to close for business in New York City or the State of Tennessee; provided that in the case of an Advance as a LIBOR Rate Loan, such day is also a day on which dealings between banks are carried on in U.S. dollar deposits in the London interbank market.

"Closing Date" means the 17th day of February, 1997.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"Conditions Precedent" means those matters or events that must be completed or must occur or exist prior to Lenders' being obligated to fund any Advance, including, but not limited to, those matters described in Article IV hereof.

"Debt" means, with respect to any Person, all obligations of such Person, contingent or otherwise, which in accordance with GAAP would be classified on a balance sheet of such Person as liabilities, and in addition such term shall include, but without duplication: (a) liabilities secured by any mortgage, pledge or lien existing on Property owned by such Person and subject to such mortgage, pledge or lien, whether or not the liability secured thereby shall have been assumed by such Person, (b) all indebtedness and other similar monetary obligations of such Person, (c) all guaranties, obligations in respect of letters of credit, endorsements (other than endorsements of negotiable instruments for purposes of collection in the ordinary course of business), obligations to purchase goods or services for the purpose of supplying funds for the purchase or payment of Debt of others and other contingent obligations in respect of, or to purchase, or otherwise acquire, or advance funds for the purchase of, Debt of others, (d) all obligations of such Person to indemnify another Person to the extent of the amount of indemnity, if any, which would be payable by such Person at the time of determination of Debt and (e) all obligations of such Person under capital leases.

"Default Rate" means an interest rate equal to the Base Rate plus two percent (2.00%) per annum.

"Default" or "Event of Default" means the occurrence of any of the events specified in Section 8.01 hereof.

"Default Conditions" or "Default Condition" means the occurrence of any of the events specified in Section 8.03 hereof.

"EBIT" (Earnings Before Interest and Taxes) means for Borrower, as determined on a consolidated basis for any specified period, an amount equal to the sum of: (A) pre-tax income, plus (B) total Interest Expense.

"Eligible Assignee" means: (i) with the prior consent of Borrower, which will not be unreasonably withheld or delayed, a commercial bank or financial institution having total assets in excess of \$1,000,000,000 or any commercial finance or asset-based lending Affiliate of any such commercial bank or financial institution which has complied with Section 12.12 herein, or (ii) any Lender, or an Affiliate thereof. The consent of Borrower shall not be a condition precedent to assignment to an Eligible Assignee if an Event of Default exists and is continuing.

"Environmental Law" means any federal, state, or local law, statute, ordinance, or regulation applicable or

pertaining to health, industrial hygiene, waste materials, removal of waste materials, oil, gas, underground storage tanks, Hazardous Substances, other environmental conditions on, under, or affecting any of the Borrower's Property.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, including (unless the context otherwise requires) any rules or regulations promulgated thereunder.

"Excluded Subsidiary" or "Excluded Subsidiaries" means collectively Cracker Barrel Old Country Store TV, Inc., and any future Subsidiary which is not required to execute a Guaranty under the provisions of Section 5.12 hereof.

"Facing Fee" means the product of (a) .04% multiplied by (b) the face amount of any Letter of Credit.

"Federal Funds Rate" means for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of Atlanta, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three (3) Federal funds brokers of recognized standing selected by the Agent.

"Financial Statements" means (i) the consolidated financial statement or statements of Borrower and its Subsidiaries, described or referenced in Section 3.06 hereof and delivered with this Agreement to Agent for distribution to Lenders, and (ii) subsequent financial statements required to be provided pursuant to Section 5.01(a) and (b) of this Agreement.

"Fiscal Quarter" means each of the quarters of the Fiscal Year ending on or about the last day of each January, April, July and October.

"Fiscal Year" or "Annually" means the twelve-month accounting period ending on or about July 31st of each year and presently used by the Borrower as its fiscal year for accounting purposes.

"Funding Account" shall mean that certain account maintained by Borrower with Agent, bearing account no. 7020125402.

"GAAP" means generally accepted accounting principles in the United States.

"Guarantors" or "Guarantor" means all Subsidiaries of Borrower, whether now existing or hereafter created, except for Excluded Subsidiaries.

"Guaranty" and "Guarantees" means the guaranty agreements executed by each Guarantor in substantially the form as set forth in Exhibit F, or as otherwise agreed between Agent and Guarantor.

"Hazardous Substances" means those substances included within the definition of hazardous substances, hazardous materials, toxic substances, or solid waste under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. 9601, et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. 1801, et seq.; any applicable state law and in the regulations promulgated pursuant to such acts and laws, and such other substances, materials, and waste which are or become regulated under any Environmental Law.

"Interest Expense" shall mean with respect to the applicable period, the aggregate interest expense and amortization of deferred loan costs of Borrower (calculated without regard to any limitations on the payment thereof), imputed interest on capitalized lease obligations of Borrower, and net costs under interest rate protection agreements for Borrower, all on a consolidated basis and as determined in conformity with GAAP.

"Interest Rate Period" or "Interest Period" shall be applicable only to Advances calculated using the LIBOR Rate Option, and shall mean a one-month, two-month, three-month, or six-month time period selected by Borrower pursuant to Section 2.04 herein. No Interest Rate Period may end on a date extending beyond the Maturity Date.

"Lease Adjusted Funded Debt" shall mean the sum of (1) all Debt (as previously defined in this Agreement); and (2) the present value of all operating lease obligations as determined in accordance with standard S & P methodology. The calculation of Lease Adjusted Funded Debt for the Borrower shall include all Lease Adjusted Funded Debt of Borrower determined on a consolidated basis, plus all Lease Adjusted Funded Debt of other Persons, which has been

guaranteed by Borrower and any Person whose financial statements are consolidated with the Financial Statements of Borrower or which is supported by a letter of credit issued for the account of Borrower and any Person whose financial statements are consolidated with the Financial Statements of Borrower, or as to which and to the extent which Borrower and any other Person whose financial statements are consolidated with the Financial Statements of Borrower or their assets have become liable for payment thereof.

"Lender" or "Lenders" means STB, the other banks and lending institutions listed on the signature pages hereof and each permitted assignee thereof, if any, pursuant to Section 12.12, but shall not include any participant.

"Letter of Credit Application Agreement" means that certain Application and Agreement for Issuance of a Letter of Credit in the form of Exhibit D hereto or any other similar form required by the Agent appropriately completed by the Borrower pursuant to Section 2.02(a) herein.

"Letter of Credit Fee" means an amount equal to the product of: (a) one quarter of one percent (.25%) per annum multiplied by (b) the face amount of the Letter of Credit, but in any event no less than Five Hundred Dollars (\$500).

"Letters of Credit" has the same meaning as set forth in Section 2.02 herein.

"LIBOR Rate" means the offered rates for deposits in U.S. Dollars for the applicable Interest Rate Period, selected by Borrower in accordance with the terms of Section 2.04, as quoted on the Telerate System subscribed to by Agent, and which appears on Telerate Page 3750 as of 11:00 a.m., London time, two (2) Business Days prior to the beginning of any applicable Interest Rate Period. If any of such one-month or two-month or three-month or six-month rate, as the case may be, is unavailable on the Telerate System, then such rate shall be determined by and based on any other interest rate reporting service of generally recognized standing designated in advance in writing by the Agent to the Borrower.

"LIBOR Rate Option" means that rate of interest equal to the LIBOR Rate for the applicable Interest Rate Period plus one quarter of one percent (.25%) per annum.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute, or contract, and including, but not limited to, the lien or security interest arising from a mortgage, encumbrance, pledge, security agreement, conditional sale, or trust receipt or a lease, consignment, or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting the Property. For the purposes of this Agreement, Borrower shall be deemed to be the owner of any Property that Borrower has acquired or holds subject to a conditional sale agreement, financing lease, or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Loan" or "Loans" means any borrowing by Borrower under this Agreement, and/or any extension of credit by Lenders or Swing Line Lender to the Borrower pursuant to this Agreement, the Revolving Credit Loan, the Term Loan, the Swing Line Loan, or any other Loan Document, including any renewal, amendment, extension, or modification thereof.

"Loan Documents" means, collectively, each document or certificate executed, furnished or delivered in connection with this Agreement (whether before, at, or after the Closing Date), including, without limitation, this Agreement, the Revolving Credit Note, the Term Note, the Swing Line Note, the Guarantees, and all other documents, certificates, reports, and instruments that this Agreement requires or that were executed or delivered (or both) at Agent's request.

"Majority Lenders" means those Lenders with an aggregate Pro Rata Share equal to or greater than 66 2/3%.

"Material" or "material" as used herein shall be determined with respect to Borrower on a consolidated basis.

"Maturity Date" for the Revolving Credit Loan, the Term Loan and the Swing Line Loan shall mean December 2, 2001.

"Maximum Total Amount" means: (i) with respect to the Revolving Credit Loan, the principal amount of \$75,000,000, less the aggregate face amounts of all outstanding Letters of Credit (which has a sublimit under Section 2.02 of \$25,000,000), less the aggregate outstanding principal amount of the Swing Line Note; (ii) with respect to the Term Loan, the principal amount of \$50,000,000; and (iii) with respect to the Swing Line Loan, the principal amount of

\$5,000,000.

"Moody's" means Moody's Investors Services, Inc.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Permitted Encumbrances" means: (i) taxes, assessments, and other governmental charges that are not delinquent or that are being contested in good faith by appropriate proceedings duly pursued; (ii) mechanic's, materialmen's, contractors', landlords', or other similar Liens arising in the ordinary course of business, securing obligations that are not delinquent or that are being contested in good faith by appropriate proceedings duly pursued; and (iii) restrictions, exceptions, reservations, easements, and restrictive covenants affecting any of Borrower's real property and that do not materially and adversely affect such real property.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government, or any agency or political subdivision thereof, or any other form of entity.

"Plan" means any employee benefit or other plan established or maintained, or to which contributions have been made, by the Borrower or any Subsidiary and covered by Title IV of ERISA or to which Section 412 of the Code applies.

"Principal Office" means the principal office of the Agent located at 201 Fourth Avenue North, Nashville, Tennessee 37219.

"Pro Rata Share" means the percentage of interest held by each of the Lenders as set forth opposite their respective signatures hereto, as such percentage may be adjusted from time to time as a result of assignments or amendments made pursuant to this Agreement.

"Property" or "Properties" means any interest in any kind of property or asset, whether real, personal, or mixed, or tangible or intangible.

"Revolving Credit Advance" means an Advance under the Revolving Credit Notes.

"Revolving Credit Loan" means the aggregate amount of all Advances under the Revolving Credit Notes.

"Revolving Credit Loan Commitment" means, relative to any Lender, such Lender's obligation to make Advances pursuant to Section 2.01(a) of this Agreement.

"Revolving Credit Note" and "Revolving Credit Notes" means, as the context may require: (a) any of the revolving credit notes executed by the Borrower payable to the order of any Lender, substantially in the form of Exhibit A hereto, originally in the principal amounts each such Lender's Pro Rata Share bears to the Maximum Total Amount for the Revolving Credit Loan, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the outstanding Revolving Credit Loan, as each such Revolving Credit Note may from time to time be amended, increased, decreased, extended, renewed, restated, and/or changed in any way, and all other promissory notes accepted from time to time in amendment, renewal, payment and/or substitution thereof and/or therefor, and/or (b) collectively, all of the foregoing.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies.

"Subsidiary" means any corporation of which more than fifty percent (50%) of the issued and outstanding Voting Stock is owned or controlled at the time as of which any determination is being made directly or indirectly by any Person.

"Swing Line Lender" shall mean the Agent and its successors and assigns.

"Swing Line Loan" means all Advances made under the Swing Line Note up to the Swing Line Subcommitment.

"Swing Line Note" means the revolving credit note of the Borrower, payable to the order of the Swing Line Lender, in substantially the form of Exhibit C hereto, in the principal amount of up to \$5,000,000 issued pursuant to Section 2.03 herein, as such may be from time to time supplemented, modified, amended, renewed or extended.

"Swing Line Rate" shall be a rate of interest equal to the LIBOR Rate for three-month periods plus three-tenths of one percent (.30%) per annum. The Swing Line Rate of interest shall fluctuate on a daily basis.

"Swing Line Subcommitment" shall mean \$5,000,000.

"Term Loan" means the Advance under the Term Notes.

"Term Loan Advance" means the Advance under the Term Notes.

"Term Loan Commitment" means, relative to any Lender,

such Lender's obligation to make an Advance pursuant to Section 2.01(b) of this Agreement.

"Term Loan Rate" means a rate of interest equal to the LIBOR Rate for three-month periods plus one quarter of one percent (.25%) per annum. The Term Loan Rate shall be reset two (2) Business Days prior to the end of the applicable Interest Rate Period and shall be effective for the next ensuing Interest Rate Period.

"Term Note" and "Term Notes" means, as the context may require: (a) any of the term notes executed by the Borrower payable to the order of any Lender, substantially in the form of Exhibit B hereto, originally in the principal amounts each such Lender's Pro Rate Share bears to the Maximum Total Amount of the Term Loan, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the outstanding Term Loan, as each such Term Note may from time to time be amended, increased, decreased, extended, renewed, restated, and/or changed in any way, and all other promissory notes accepted from time to time in amendment, renewal, payment and/or substitution thereof and/or therefor, and/or (b) collectively, all of the foregoing.

"Total Capitalization" means an amount equal to the sum of Lease Adjusted Funded Debt plus Borrower's shareholders' equity (as determined by GAAP), all as determined on a consolidated basis.

"Voting Stock" means securities of any class of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions).

Article II. The Credit.

Section 2.01 Loan Facilities. Subject to the conditions precedent set forth in this Agreement and pursuant to the terms of the Loan Documents and in reliance upon the representations, warranties, and covenants set forth in the Loan Documents, Lenders agree to make the following loans to Borrower:

(a) The Revolving Credit Loan. In the aggregate for all Lenders up to the Maximum Total Amount and on any Business Day occurring prior to the Maturity Date, each Lender severally agrees to make Revolving Credit Advances under the terms of this Agreement (relative to such Lender) to the Borrower as evidenced by a Revolving Credit Note equal to such Lender's Pro Rata Share of the aggregate amount of the borrowing of total Revolving Credit Advances requested by the Borrower to be made on such day.

(b) Term Loan. Each Lender severally agrees to make a Term Loan Advance on March 3, 1997, under the terms of this Agreement (relative to such Lender) to the Borrower as evidenced by the Term Note equal to such Lender's Pro Rata Share of Fifty Million Dollars (\$50,000,000).

(c) The amount available to be advanced under the Revolving Credit Loan shall be reduced dollar-for-dollar by the sum of: (i) the face amount of any outstanding Letter of Credit, and (ii) the principal amount outstanding from time to time under the Swing Line Note. In no event shall the Borrower permit the sum of (x) the face amount of outstanding Letters of Credit; plus (y) the outstanding principal amount of the Swing Line Note, plus (z) the outstanding principal amount of the Revolving Credit Notes to exceed the Maximum Total Amount. The outstanding principal amount of all Term Notes shall not exceed the Maximum Total Amount.

(d) On the terms and subject to the conditions hereof and the Revolving Credit Notes, and provided no Event of Default or Default Condition has occurred, the Borrower may borrow, repay, and reborrow under the Revolving Credit Loan. On the terms and subject to the conditions hereof and the Term Notes, Borrower shall borrow Fifty Million Dollars (\$50,000,000) on March 3, 1997, as the Term Loan.

(e) The failure of any Lender to make an Advance under its Revolving Credit Loan Commitment or Term Loan Commitment shall not relieve any other Lender of its obligations hereunder to make Advances under such Lender's Revolving Credit Loan Commitment or Term Loan Commitment, but no Lender shall be responsible for the failure of any other Lender to make an Advance to be made by such other Lender on the date of any requested Advance.

Section 2.02 Letters of Credit. (a) Provided no Event of Default or Default Condition exists, and subject to the terms and conditions of the Loan Documents, the Lenders have agreed that the Agent on behalf of the Lenders will issue to third party beneficiaries on Borrower's account, irrevocable standby letters of credit ("Letters of Credit") in the face amount of up to \$25,000,000 in the aggregate. Agent on behalf of the Lenders shall not be required to issue Letters of Credit in an aggregate face amount exceeding \$25,000,000. In connection with the issuance of each Letter of Credit, the Borrower shall complete a Letter of Credit Application Agreement, and such other documentation in form and substance as required by Agent. The

term of any Letter of Credit shall not exceed twelve (12) months from the date of its issuance.

(b) In connection with the issuance of any Letter of Credit, the Borrower shall pay to Agent a Letter of Credit Fee (payable on the date of the issuance of the Letter of Credit) to be apportioned and paid by Agent to each of the Lenders pursuant to the Pro Rata Share of each Lender. If the term of any Letter of Credit is less than one (1) month, the Letter of Credit Fee shall be calculated as if the term of the Letter of Credit was equal to one (1) month.

(c) In connection with the issuance of any Letter of Credit, the Borrower shall also pay to Agent a Facing Fee (payable on the date of the issuance of the Letter of Credit) calculated on an annual basis. None of the Lenders, except for the Agent, shall share in the Facing Fee.

(d) The Agent agrees to use its best efforts to issue and deliver to the Borrower each requested Letter of Credit within three (3) Business Days following submission by Borrower of a properly completed Letter of Credit Application Agreement.

(e) No Letter of Credit shall be issued for a term that extends beyond the Maturity Date. The language of each Letter of Credit, including the requirements for a draw thereunder, shall be subject to the reasonable approval of the Agent.

(f) The face amount of any outstanding Letter of Credit shall reduce the Borrower's ability to receive Advances under the Revolving Credit Loan by such amount. Additionally, any payment by Agent under a Letter of Credit shall be treated as an Advance under the Revolving Credit Loan, and the terms and provisions of repayment shall be treated as an Advance under the Revolving Credit Loan.

(g) The Lenders shall participate in all Letters of Credit requested by the Borrower under this Agreement. Each Lender holding a Revolving Credit Note, upon issuance of a Letter of Credit by the Agent, shall be deemed to have purchased without recourse, a risk participation from the Agent in such Letter of Credit and the obligations arising thereunder, in each case in an amount equal to its Pro Rata Share of all obligations under such Letter of Credit and shall absolutely, unconditionally, and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to the Agent therefor and discharge when due, its Pro Rata Share of all obligations arising under such Letter of Credit. Without limiting the scope and nature of a Lender's participation in any Letter of Credit, to the extent that the Agent has not been reimbursed as required hereunder or under any such Letter of Credit, each such Lender shall pay to the Agent its Pro Rata Share of such unreimbursed drawing in same day funds on the day of notification by the Agent of an unreimbursed drawing. The obligation of each Lender to so reimburse the Agent shall be absolute and unconditional and shall not be affected by the occurrence of a Default Condition or an Event of Default or any other occurrence or event.

Section 2.03 Swing Line Loan.

(a) Swing Line Subcommitment. Subject to and upon the terms and conditions herein set forth, the Swing Line Lender severally establishes in favor of the Borrower, its Swing Line Subcommitment. The Swing Line Lender, subject to and upon the terms and conditions set forth herein, from time to time, agrees to make to the Borrower Advances under the Swing Line Loan in an aggregate principal amount outstanding at any time not to exceed the Swing Line Subcommitment. Borrower shall be entitled to repay and reborrow Advances under the Swing Line Loan in accordance with the provisions hereof and the Swing Line Note.

(b) Amount and Terms of Swing Line Loan. Each Advance under the Swing Line Loan shall be made from the Swing Line Lender at the Swing Line Rate in accordance with the borrowing procedure specified in Section 2.05(c). Each Advance under the Swing Line Loan shall be in a principal amount of not less than \$100,000 and shall be in multiples of \$100,000 in excess thereof. The Borrower shall be required to repay any Advance made under the Swing Line Loan in full within thirty (30) days after such Advance is made.

(c) Repayment of Swing Line Loan by Revolving Credit Loan. If (i) after giving effect to any request for an Advance, the aggregate principal amount of the Revolving Credit Loan (including the face amount of all outstanding Letters of Credit), and the Swing Line Loan would exceed the maximum amount of the Revolving Credit Note held by the Swing Line Lender, or (ii) there are any outstanding Advances under the Swing Line Loan upon the occurrence of an Event of Default, then each Lender holding a Revolving Credit Note hereby agrees, upon the request of the Swing Line Lender, to make an Advance under the Revolving Credit Loan in an amount equal to such Lender's Pro Rata Share of the outstanding principal amount of the Swing Line Loan (the "Refundable Swing Line Loan") outstanding on the date such

notice is given. On or before 11:00 a.m. (Nashville, Tennessee time) on the first Business Day following receipt by such Lender of a request to make the Advances referenced in the preceding sentence, each such Lender (other than the Swing Line Lender) shall deposit in an account specified by the Agent to the Lenders from time to time the amount as requested in same day funds, whereupon such funds shall be immediately delivered to the Swing Line Lender (and not the Borrower) and applied to repay the Refundable Swing Line Loan. On the day such Advances are made by the Lenders, the Swing Line Lender's Pro Rata Share of the Refundable Swing Line Loan shall be deemed to be paid with the proceeds of the Revolving Credit Advance made by the Swing Line Lender. Upon the making of any Advance under the Revolving Credit Loan pursuant to this subpart (c), the amount so funded shall become due under each Lender's Revolving Credit Note and shall no longer be owed under the Swing Line Note. Additionally, the Applicable Rate on such Refundable Swing Line Loan shall initially be the Base Rate Option. Each Lender's obligation to make Advances under its Revolving Credit Note referred to in this subpart (c) shall be absolute and unconditional and shall not be affected by any circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(d) Purchasing of Participations. In the event that (i) the Borrower is subject to any bankruptcy or insolvency proceedings, or (ii) if the Swing Line Lender otherwise requests, each Lender holding a Revolving Credit Note shall acquire without recourse or warranty, an undivided participation interest in the Swing Line Loan equal to such Lender's Pro Rata Share by paying to the Swing Line Lender, in same day funds, an amount equal to such Lender's Pro Rata Share of the Swing Line Loan. From and after the date on which such Lender purchases an undivided participation interest in the Swing Line Loan pursuant to this clause, the Swing Line Lender shall distribute to such Lender (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participation interest is outstanding and funded) its ratable amount of all payments of principal and interest in respect of the Swing Line Loan in like funds as received; provided, however, that in the event such payment received by the Swing Line Lender is required to be returned to the Borrower, such Lender shall return to the Swing Line Lender the portion of any amounts which such Lender had received from the Swing Line Lender in like funds.

Section 2.04 Interest Rate.

(a) The Applicable Rate for Advances under the Revolving Credit Loan shall either be the Base Rate Option or the LIBOR Rate Option, as selected by Borrower pursuant to the procedures specified in parts (b) and (c) below. The Applicable Rate for Advances under the Term Loan shall be the Term Loan Rate. The Term Loan Advance shall be for an Interest Rate Period of three-months. The Term Loan Rate shall be reset two (2) Business Days prior to the end of the current Interest Rate Period, for the next ensuing Interest Rate Period. The Applicable Rate for the Swing Line Loan shall be the Swing Line Rate.

(b) So long as the Borrower complies with Section 2.05 herein, the Borrower may elect that any Advance under the Revolving Credit Loan shall bear interest at either the Base Rate Option or the LIBOR Rate Option. In the event that the Borrower fails to designate an Applicable Rate for a Revolving Credit Loan, or in the event the Borrower fails to make an interest rate election in strict compliance herewith, then it shall be conclusively presumed that the Borrower has selected the LIBOR Rate Option with a one (1) month Interest Rate Period for such Revolving Credit Advance.

(c) At least two (2) Business Days prior to the expiration of any applicable Interest Rate Period for a Revolving Credit Loan, the Borrower shall designate a new Applicable Rate. In the event that the Borrower fails to designate a new Applicable Rate at least two (2) Business Days prior to the expiration of any applicable Interest Rate Period, then it shall be conclusively presumed that the Borrower has selected the LIBOR Rate Option with a one (1) month Interest Rate Period as the Applicable Rate to be effective on the expiration of such Interest Rate Period.

(d) In the event that the Borrower selects the Base Rate Option as the Applicable Rate for a Revolving Credit Loan, then the Base Rate Option shall remain effective until two (2) Business days subsequent to the date Agent receives notice that Borrower has elected to change the Applicable Rate for a Revolving Credit Advance to a LIBOR Rate Option.

(e) Upon the occurrence of an Event of Default, the

indebtedness described herein and all obligations hereunder shall bear interest at the Default Rate.

(f) All interest and all fees for the issuance of Letters of Credit shall be calculated on the basis of a 360-day year and actual days elapsed.

Section 2.05 Borrowing Procedure. (a) In General. The Borrower authorizes the Agent to deposit all Advances into the Funding Account. Any one of the Persons who hold the following titles with Borrower is authorized to request an Advance: Chief Executive Officer, President, Chief Financial Officer, Treasurer and Assistant Treasurer.

(b) Requests for Revolving Credit Loan. Borrower shall give the Agent at least two (2) Business Day's prior written notice of a proposed Advance at the LIBOR Rate Option and same day prior written notice (by 11:00 a.m. Nashville, Tennessee time) of a proposed Advance at the Base Rate Option, under the Revolving Credit Loan by presentation of a Borrowing Request. Any notice received by Borrower after 11:00 a.m. Nashville, Tennessee time will be deemed given on the next Business Day. With regard to requests for Advances under the Revolving Credit Loan, the following shall apply: (a) in the event that the Borrower designates the Base Rate Option as the Applicable Rate, the requested Advance must be in a minimum amount of \$500,000 and increments of \$100,000 in excess thereof; and (b) in the event the Borrower designates the LIBOR Rate Option as the requested Applicable Rate, the requested Advance must be in a minimum amount of \$2,500,000 and increments of \$500,000 in excess thereof. Agent shall give notice to Lenders of a request for an Advance by 1:00 p.m. (Nashville, Tennessee time) on the date of such request, and each Lender shall wire immediately available funds to Agent by 2:00 p.m. (Nashville, Tennessee time) the date of the requested Advance.

(c) Swing Line Note. Borrower may give the Agent oral notice of a request for an Advance under the Swing Line Note no later than 11:00 A.M. (Nashville, Tennessee time) followed by facsimile transmission sent to Agent. Borrower shall specify that such request is a request under the Swing Line Note, and subject to availability under the Swing Line Note and provided the request is made no later than 11:00 A.M. (Nashville, Tennessee time), the Agent shall make the Advance by crediting the Funding Account no later than the close of business on the day of the borrowing. With regard to requests for Advances under the Swing Line Loan, the following shall apply: Advances shall be in a minimum amount of \$100,000 and increments of \$100,000 in excess thereof.

(d) No Liability. The Agent and the Lenders shall have no liability to Borrower arising out of their compliance with the borrowing procedure specified in this Section 2.05, except for acts of gross negligence or willful misconduct.

(e) Warranty. The request by the Borrower of an Advance shall constitute a warranty by the Borrower that as of the date of the request and as of the date the Advance is made: (i) no Event of Default or Default Condition has occurred; and (ii) the representations and warranties contained in Article III of this Agreement remain true, correct, and accurate.

Section 2.06 Use of Proceeds. Proceeds of the Revolving Credit Loan and the Swing Line Loan shall be used to fund Borrower's working capital, acquisitions, capital expenditures needs and for Borrower's general corporate purposes. Proceeds of the Term Loan shall be used to repay and to cancel all outstanding amounts owed to STB under that certain \$50,000,000 promissory note dated November 22, 1996.

Section 2.07 Participation. Any Lender shall have the right to enter into one or more participation agreements with one or more of its Affiliates. Subject to Borrower's approval under Section 12.12(d), each Lender shall have the right to enter into one or more participation agreements with one or more banks, or financial institutions which are not Affiliates of such Lender, on such terms and conditions as such Lender shall deem advisable. Notwithstanding any provisions of this section or Section 12.12(d), a Lender shall have the right to enter into one or more participation agreements without the consent of Borrower, if an Event of Default exists and is continuing. Borrower shall furnish a sufficient number of copies of reports and certificates to Lenders so that Lenders and each participating lender shall receive a copy of each such document.

Section 2.08 Term of This Agreement. This Agreement shall mature and all amounts under this Agreement, the Revolving Credit Note, the Term Note and the Swing Line Note shall be due and payable on the Maturity Date. This Agreement shall be binding upon the Borrower so long as any portion of the indebtedness described herein remains outstanding, provided and except, Borrower's representations, warranties, and indemnity agreements shall survive the payment in full of such indebtedness.

Section 2.09 Payments to Principal Office; Debit Authority. Each payment under the Revolving Credit Loan and Term Loan shall

be made without defense, setoff, or counterclaim to Agent at its Principal Office in U.S. Dollars for the account of Lenders and in immediately available funds before 11:00 a.m. (Nashville, Tennessee time) on the date such payment is due. The Agent may, but shall not be obligated to, debit the amount of any such payment which is not made by such time to any deposit account of the Borrower with the Agent. Each payment under the Swing Line Loan shall be made to Agent at its Principal Office in U.S. Dollars and in immediately available funds before 11:00 a.m. (Nashville, Tennessee time) on the date such payment is due. Payments received after 11:00 a.m. (Nashville, Tennessee time) will be deemed received on the next Business Day. Agent shall wire, in immediately available funds, each such payment to Lenders by 2:00 p.m. (Nashville, Tennessee time) on the date payments are received.

Section 2.10 Prepayment.

(a) Required Prepayment. Whenever the aggregate amount outstanding under the Revolving Credit Loan or Term Loan (as applicable) exceeds the Maximum Total Amount, the Borrower shall immediately pay to Lenders such amounts as may be necessary to cause the aggregate principal amount outstanding under the Revolving Credit Loan or Term Loan (as applicable) to be equal to or less than the Maximum Total Amount. Whenever the amount outstanding under the Swing Line Note exceeds the Maximum Total Amount permitted to be outstanding under the Swing Line Loan, the Borrower shall immediately pay to Agent such amounts as may be necessary to cause the principal amount outstanding under the Swing Line Note to be equal to or less than the Maximum Total Amount permitted to be outstanding under the Swing Line Loan;

(b) Optional Prepayment. The Borrower may prepay the Revolving Credit Loan and Swing Line Loan as follows:

(i) The Borrower may prepay the Swing Line Loan (provided that such reduction shall be in a principal amount of at least \$100,000 and integral multiples of \$100,000 in excess thereof) by written notice delivered to Agent no later than 11:00 a.m. on the date of such prepayment;

(ii) Borrower may prepay Advances under the Revolving Credit Notes which bear interest at the Base Rate Option (provided that such reduction shall be in a principal amount of at least \$100,000 and integral multiples of \$100,000 in excess thereof) by written notice delivered to Agent no later than 11:00 a.m. on the date of such prepayment and Agent shall give notice to Lenders by 2:00 p.m. on the date of such prepayment;

(iii) Borrower shall not have the right and option to prepay Advances under the Revolving Credit Notes bearing interest at the LIBOR Rate Option until the expiration of the applicable Interest Period for such Advance.

All prepayments will be applied first to unpaid expenses (if any), then to accrued interest, then to principal.

(c) Permanent Prepayments. The Borrower may permanently prepay the Term Loan or permanently reduce the Revolving Credit Loan as follows:

(i) Upon ten (10) days prior written notice delivered from Borrower to Agent, the Borrower may permanently reduce the maximum principal amount that may be borrowed under the Revolving Credit Loan; provided that such reduction shall be in a principal amount of at least \$2,500,000 and integral multiples of \$2,500,000 in excess thereof, and provided that such reduction shall not reduce an outstanding Revolving Credit Advance with a LIBOR Rate Option until the expiration of the applicable Interest Period for such Advance. In the event that a permanent reduction is made by the Borrower in the amount that may be borrowed under the Revolving Credit Loan, the Maximum Total Amount for the Revolving Credit Loan and the Revolving Credit Loan Commitment shall be reduced accordingly. Agent shall notify Lenders of a prepayment under this subsection within one Business Day after receipt of notice.

(ii) Upon ten (10) days prior written notice delivered from Borrower to Agent, the Borrower may permanently prepay all or a part of the Term Loan; provided that, such reduction shall be in a principal amount of at least \$5,000,000 and integral multiples of \$5,000,000 in excess thereof. Notwithstanding any provision in this Section 2.10 to the contrary, Borrower cannot prepay a Term Loan until the end of the applicable Interest Period. Agent shall notify Lenders of a prepayment under this subsection within one Business Day after receipt of notice.

Section 2.11 Apportionment of Payments. Aggregate principal

and interest payments with respect to Advances under the Revolving Credit Loan and/or the Term Loan shall be apportioned among all outstanding Revolving Credit Loan Commitments and Term Loan Commitments to which such payments relate proportionately to the Lenders' respective Pro Rata Share of such Revolving Credit Loan Commitments and Term Loan Commitments. In the event the Agent receives payment under the Revolving Credit Loan and/or Term Loan by 11:00 A.M. (Nashville, Tennessee time), then the Agent shall distribute to each Lender its share of all such payments received by the Agent no later than 2:00 P.M. (Nashville, Tennessee time) on the date of Agent's receipt of such payments. Payments received subsequent to 11:00 A.M. (Nashville, Tennessee time) shall be treated as received on the next succeeding Business Day. Payments received by Agent for the Swing Line Loan shall not be apportioned, but shall be delivered to the Swing Line Lender.

Section 2.12 Sharing of Payments, Etc. If any Lender shall obtain any payment or reduction (including, without limitation, any amounts received as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code) of the indebtedness relating to Advances under the Revolving Credit Loan (whether voluntary, involuntary, through the exercise of any right of set-off or otherwise) in excess of its Pro Rata Share of payments or reductions of the Revolving Credit Loan, such Lender shall forthwith (a) notify each of the other Lenders and Agent of such receipt, and (b) purchase from the other Lenders such participations in the Revolving Credit Loan as shall be necessary to cause such purchasing Lender to share the excess payment or reduction, net of costs incurred in connection therewith, ratably with each of them, provided that if all or any portion of such excess payment or reduction is thereafter recovered from such purchasing Lender or additional costs are incurred, the purchase shall be rescinded and the purchase price restored to the extent of such recovery or such additional costs, but without interest unless the Lender obligated to return such funds is required to pay interest on such funds. Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.12 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

Section 2.13 Right of Offset, Etc. The Borrower hereby agrees that, in addition to (and without limitation of) any right of set-off, banker's lien or counterclaim the Lenders may otherwise have, the Lenders shall be entitled, at their option, to offset balances held by any of them at any of their offices against any principal of or interest on the indebtedness described herein which is not paid when due by reason of a failure by the Borrower to make any payment when due to such Lender (regardless whether such balances are then due to the Borrower), in which case such offsetting Lender shall promptly notify the Borrower, provided that its failure to give such notice shall not affect the validity thereof.

Section 2.14 Commitment Fee. Commencing on March 31, 1997 and on the last day of each Fiscal Quarter thereafter and on the Maturity Date, the Borrower shall pay to the Agent for distribution to the Lenders based on their Pro Rata Share, a commitment fee equal to one-tenth of one percent (.10%) per annum calculated on the average unused portion of the Revolving Credit Loan for the preceding Fiscal Quarter (or portion thereof); provided that the payment made on March 31, 1997 shall be for a time period from the Closing Date to March 31, 1997. The commitment fee shall be calculated based on a year of 360 days for the actual number of days elapsed.

Section 2.15 Usury. The parties to this Agreement intend to conform strictly to applicable usury laws as presently in effect. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the laws of the United States of America and the State of Tennessee), then, in that event, notwithstanding anything to the contrary in any Loan Document or agreement executed in connection with the indebtedness described herein, Borrower, Agent, and Lenders agree as follows: (i) the aggregate of all consideration that constitutes interest under applicable law which is contracted for, charged, or received under any of the Loan Documents or agreements, or otherwise in connection with the indebtedness described herein, shall under no circumstance exceed the maximum lawful rate of interest permitted by applicable law, and any excess shall be credited on the indebtedness by the holder thereof (or, if the indebtedness described herein shall have been paid in full, refunded to Borrower); and (ii) in the event that the maturity of the indebtedness described herein is accelerated as a result of any Event of Default or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum

amount of interest permitted by applicable law, and excess interest, if any, for which this Agreement provides, or otherwise, shall be cancelled automatically as of the date of such acceleration or prepayment and, if previously paid, shall be credited on the indebtedness described herein (or, if the indebtedness shall have been paid in full, refunded to Borrower).

Section 2.16 Interest Rate Not Ascertainable, Etc. In the event that the Agent shall in good faith have determined that on any date for determining the LIBOR Rate, by reason of any changes arising after the date of this Agreement affecting the London interbank market or the Agent's position in such market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of LIBOR Rate, then, and in any such event, the Agent shall forthwith give notice (by telephone confirmed in writing) to the Borrower of such determination and a summary of the basis for such determination. At the expiration of any Interest Rate Period then in effect and until the Agent notifies the Borrower that the circumstances giving rise to the suspension described herein no longer exist (which notice shall be given forthwith after such determination is made by the Agent), all Loans shall bear interest at the Base Rate Option.

Section 2.17 Illegality. (a) In the event that the Agent shall have determined any time that the making or continuance of any Advance bearing interest at the LIBOR Rate Option has become unlawful by compliance by any Lender (an "Affected Lender") in good faith with any applicable law, governmental rule, regulation, guideline or order (whether or not having the force of law and whether or not failure to comply therewith would be unlawful), then, in any such event, the Agent shall give prompt notice (by telephone confirmed in writing) to the Borrower of such determination and a summary of the basis for such determination.

(b) Upon the giving of the notice to the Borrower referred to in Section 2.17(a), the Borrower's right to elect a LIBOR Rate Option shall be immediately suspended, and all outstanding Advances made by the Affected Lender shall bear interest at the Base Rate Option after the current Interest Period has expired. The Borrower shall have the right and option to replace the Affected Lender pursuant to Section 12.13 hereof, for so long as the Affected Lender which remains under the disability described in Section 2.17(a), has not been replaced.

Section 2.18 Increased Costs. (a) If by reason of (i) after the date hereof, the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law or regulation, or (ii) the compliance with any guideline or request from any central bank or other governmental authority or quasi-governmental authority exercising control over banks or financial institutions generally (whether or not having the force of law):

(A) the Agent or any Lender shall be subject to any tax, duty or other charge with respect to any Advances bearing interest at the LIBOR Rate Option (all such Advances being collectively referred to as the "LIBOR Loans") or its obligation to make LIBOR Loans, or the basis of taxation of payments to the Agent or any Lender of the principal of or interest on its LIBOR Loans or its obligation to make LIBOR Loans shall have changed (except for changes in the tax on the overall net income of the Agent or such Lender, or similar taxes, pursuant to the laws of jurisdictions with taxing authority over the Agent or such Lender); or

(B) any reserve (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Agent or any Lender shall be imposed or deemed applicable or any other condition affecting its LIBOR Loans or its obligation to make LIBOR Loans shall be imposed on the Agent or any Lender or the London interbank market;

and as a result thereof there shall be any increase in the cost to the Agent or such Lender (a "LIBOR Affected Lender") of agreeing to make or making, funding or maintaining LIBOR Loans (except to the extent already included in the determination of the interest rate for LIBOR Loans), or there shall be a reduction in the amount received or receivable by the Agent or any LIBOR Affected Lender, then the Borrower shall from time to time, upon written notice from and demand in good faith by the Agent, pay to the Agent for the account of the Lenders (or any LIBOR Affected Lender) within five (5) Business Days after the date of such notice and demand, additional amounts sufficient to indemnify the Agent or such LIBOR Affected Lender against such increased cost; provided, however, that nothing in this section shall require Borrower to indemnify the Agent or any Lender for withholding taxes; provided that Borrower shall have the right and option to

replace a LIBOR Affected Lender pursuant to the terms of Section 12.13 hereof.

(b) If the Agent shall in good faith determine that at any time, because of the circumstances described in Section 2.18(a)(i) or (ii) arising after the date of this Agreement affecting the Agent or any Lender or the London interbank market or the Agent or any Lender's position in such market, the calculations for the interest rates for LIBOR Loans as determined by the Agent or any Lender will not adequately and fairly reflect the cost to the Agent or any Lender of funding such LIBOR Loans, the Agent shall forthwith give notice (by telephone confirmed in writing) to the Borrower of such advice, and a summary of the basis for such determination, and then, and in any such event and until Agent notifies the Borrower that such circumstances no longer exist (which notice shall be given forthwith after such determination is made by the Agent):

(i) The Borrower's right to request, and the Agent's and any Lender's obligation to make or permit portions of the indebtedness described herein to remain outstanding past the last day of the then current Interest Rate Period as LIBOR Loans shall be immediately suspended; and

(ii) After the last day of the then-current Interest Rate Period, all indebtedness described herein shall bear interest at the Base Rate Option.

Section 2.19 Mitigation. Each Lender shall take such commercially reasonable steps as it may determine are not disadvantageous to it, including changes in lending offices to the extent feasible, in order to reduce additional payments by the Borrower pursuant to Section 2.18 and to make the LIBOR Rate Option available under Sections 2.17 and 2.18 hereof.

Article III. Representations and Warranties.

To induce Lenders to enter this Agreement and extend credit under this Agreement, the Borrower covenants, represents and warrants to Lenders that as of the date hereof:

Section 3.01 Corporate Existence. The Borrower and its Subsidiaries are corporations duly organized, legally existing, and in good standing under the laws of the states of their incorporation, and are duly qualified as foreign corporations in all jurisdictions in which the Property owned or the business transacted by them makes such qualification necessary, except where failure to so qualify does not have a material adverse effect upon the Borrower, its Subsidiaries, their business, or their Properties, as a whole on a consolidated basis.

Section 3.02 Power and Authorization. The Borrower and each of the Guarantors, as applicable, are duly authorized and empowered to execute, deliver, and perform under all Loan Documents; the board of directors of the Borrower (and each Guarantor, as applicable) has authorized the execution and performance of the Loan Documents; and all other corporate action on Borrower's (and Guarantors') part required for the due execution, delivery, and performance of the Loan Documents has been duly and effectively taken.

Section 3.03 Binding Obligations. This Agreement is, and the Loan Documents when executed and delivered in accordance with this Agreement will be, legal, valid and binding upon and against the Borrower (and the Guarantors, as applicable), enforceable in accordance with their terms, subject to no defense, counterclaim, set-off, or objection of any kind.

Section 3.04 No Legal Bar or Resultant Lien. The Borrower's (and the Guarantors', as applicable) execution, delivery and performance of the Loan Documents do not constitute a default under, and will not violate any provisions of the articles of incorporation (or charter), or bylaws of the Borrower (or the Guarantors), or any contract, agreement, law, regulation, order, injunction, judgment, decree, or writ to which the Borrower (or the Guarantors) are subject, or result in the creation or imposition of any Lien upon any Properties of the Borrower (or the Guarantors).

Section 3.05 No Consent. The Borrower's and the Guarantors', as applicable, execution, delivery, and performance of the Loan Documents do not require the consent or approval of any other Person.

Section 3.06 Financial Condition. The Financial Statements of Borrower which have been delivered to Lenders dated August 2, 1996 have been prepared in accordance with GAAP consistently applied, and the Financial Statements present fairly the financial condition of Borrower as of the date or dates and for the period or periods stated therein. No material adverse change in the financial condition of the Borrower has occurred since the date of such Financial Statements.

Section 3.07 Investments, Advances, and Guarantees. Except for advances to, investments in or guaranties of its Subsidiaries, neither the Borrower nor the Guarantors have made investments in, advances to, or guaranties of the obligations of any Person, or committed or agreed to undertake any of these actions or obligations, except as referred to or reflected in the

Financial Statements.

Section 3.08 Liabilities and Litigation. Neither the Borrower nor its Subsidiaries have material liabilities (individually or in the aggregate) direct or contingent which would require adjustment to or disclosure in the Financial Statements, except as referred to or reflected in the Financial Statements. There is no litigation, legal or administrative proceeding, investigation, or other action of any nature pending or, to the knowledge of Borrower threatened against or affecting the Borrower or the Subsidiaries, that involves the possibility of any judgment or liability not fully covered by insurance and that may materially and adversely affect the business or the Properties of the Borrower or the Subsidiaries, or their ability to carry on their business as now conducted.

Section 3.09 Taxes; Governmental Charges. The Borrower and its Subsidiaries have filed or caused to be filed all tax returns and reports required to be filed and has paid all taxes, assessments, fees, and other governmental charges levied upon it or upon any of their Properties or income, which are due and payable. The Borrower and its Subsidiaries have made all required withholding deposits.

Section 3.10 No Default. Neither the Borrower nor its Subsidiaries is in default in any respect that materially and adversely affects their business, Properties, operations, or condition, financial or otherwise, under any indenture, mortgage, deed of trust, credit agreement, note, agreement, or other instrument to which they are a party or by which their Properties are bound. Neither the Borrower nor the Subsidiaries are in violation of their respective Articles of Incorporation (or Charter) or Bylaws. No Default Conditions hereunder have occurred or are continuing as of the date hereof.

Section 3.11 Compliance with Laws, Etc. Neither the Borrower nor its Subsidiaries are in violation of any law, judgment, decree, order, ordinance, or governmental rule or regulation to which they or any of their Properties is subject in any respect that materially and adversely affects their business, Properties, or financial condition. Neither the Borrower nor its Subsidiaries have failed to obtain any license, permit, franchise, or other governmental authorization necessary to the ownership of their Properties or to the conduct of their business, which if not obtained would have or has a material, adverse effect on the Borrower and its Subsidiaries, as a whole.

Section 3.12 ERISA. The Borrower and its Subsidiaries are in compliance in all material respects with the applicable provisions of ERISA. Neither the Borrower nor its Subsidiaries have incurred any "accumulated funding deficiency" within the meaning of ERISA which is material, and they have not incurred any material liability to PBGC in connection with any Plan.

Section 3.13 No Material Misstatements. No information, exhibit, or report furnished or to be furnished by Borrower (or Guarantors) to Lender in connection with this Agreement, contains any material misstatement of fact or fails to state any material fact, the omission of which would render the statements therein materially false or misleading.

Section 3.14 Regulation U. Neither the Borrower nor any of its Subsidiaries are engaged as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System. No part of the indebtedness described herein shall be used at any time to purchase or to carry margin stock within the meaning of Regulation U or to extend credit to others for the purpose of purchasing or carrying any margin stock if to do so would cause the Lenders to violate the provisions of Regulation U.

Section 3.15 Filings. To the date hereof, the Borrower has filed all reports and statements required to be filed with the Securities and Exchange Commission. As of their respective dates, the reports and statements referred to above complied in all material respects with all rules and regulations promulgated by the Securities and Exchange Commission and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 3.16 Title, Etc. The Borrower and its Subsidiaries have good title to their Properties, free and clear of all Liens except those referenced or reflected in the Financial Statements, and except for any defects in title which would not have a material adverse effect on the business, Properties, financial condition or operations of the Borrower and its Subsidiaries (as a whole, on a consolidated basis) or on the ability of the Borrower to perform its obligations under this Agreement. Borrower and its Subsidiaries possess all trademarks, copyrights, trade names, patents, licenses, and rights therein, adequate for the conduct of their business as now conducted, except for such that would not have a material adverse effect on the business,

Properties, financial condition or operations of the Borrower (and its Subsidiaries) or on the ability of the Borrower (as a whole, on a consolidated basis) to perform its obligations under this Agreement.

Section 3.17 Personal Holding Company; Subchapter S. Neither the Borrower nor any of its Subsidiaries are "personal holding companies" as defined in Section 542 of the Code, and neither the Borrower nor any of its Subsidiaries are "Subchapter S" corporations within the meaning of the Code.

Section 3.18 Subsidiaries. As of the Closing Date, Borrower has only the following Subsidiaries: CBOCS West, Inc.; CBOCS Distribution, Inc.; Cracker Barrel Old Country Store TV, Inc.; CBOCS Sierra, Inc.; CBOCS Michigan, Inc.; and Rocking Chair, Inc.

Article IV. Conditions Precedent.

Section 4.01 Initial Conditions. Lenders' obligation to extend credit and to issue any Letter of Credit, and Swing Line Lender's obligation to make an Advance under the Swing Line Loan hereunder is subject to the Conditions Precedent that Agent shall have received (or agreed in writing to waive or defer receipt of) all of the following, each duly executed, dated and delivered as of the date hereof, in form and substance satisfactory to Agent and its counsel:

(a) Notes and Loan Documents. This Agreement, the Revolving Credit Notes, the Term Notes, the Swing Line Note, the Guarantees of each of the Guarantors, any Letter of Credit Application Agreements, and other documents executed in connection with this Agreement (the "Loan Documents").

(b) Resolutions. Certified copies of resolutions of the Board of Directors of the Borrower and each Guarantor, authorizing or ratifying the execution, delivery, and performance, respectively, of Loan Documents.

(c) Certificate of Existence. A certificate of existence of the Borrower and each Guarantor from the state in which the Borrower and such Guarantor is incorporated or organized, which certificate shall contain no facts reasonably objectionable to Agent.

(d) Consents, Etc. Certified copies of all documents evidencing any necessary corporate action, consents, and governmental approvals (if any) with respect to this Agreement and the Loan Documents.

(e) Officer's Certificate. A certificate of the secretary or any assistant secretary of the Borrower and each Guarantor certifying: (i) the names of the officer or officers of the Borrower and the Guarantor authorized to sign the applicable Loan Documents, together with a sample of the true signature of such officer(s), and (ii) as to representations and warranties of, and litigation involving, the Borrower and the Guarantor.

(f) Charter and By-Laws and Organizational Documents. A copy of the Borrower's (and each Guarantor's) by-laws and charter or articles of incorporation (including all amendments thereto) certified by the secretary or any assistant secretary of the Borrower (and the Guarantor), and in the case of the charter or articles of incorporation, by the Secretary of State of the state in which the Borrower (or Guarantor) is incorporated, as being true and complete copies of the current charter or articles of incorporation and by-laws of the Borrower (or Guarantor).

(g) Attorneys Opinion Letter. An opinion letter from counsel to the Borrower and the Guarantor opining as to such matters as reasonably required by Agent.

(h) Payment of Fees, Etc. Payment of all outstanding fees and expenses to Agent, Swing Line Lender, or any Lender, including all of Agent's reasonable legal fees.

(i) Other. Such other documents as Agent may reasonably request.

Section 4.02 All Borrowings. The Lenders' obligation to extend credit pursuant to this Agreement and to issue any Letter of Credit and Swing Line Lender's obligation to make an Advance under the Swing Line Loan is subject to the following additional Conditions Precedent which shall be met each time an Advance (including the request for the issuance of a Letter of Credit) is requested:

(a) The representations of the Borrower contained in Article III are true and correct as of the date of the requested Advance, with the same effect as though made on the date of such Advance; (b) There has been no material adverse change in the Borrower's consolidated financial condition since the date of the last borrowing hereunder; (c) No Default Condition or Event of Default has occurred and continues to exist; (d) No material litigation (including, without limitation, derivative actions), arbitration proceedings or governmental proceedings not disclosed in writing by the Borrower to the Agent prior to the date of the execution and delivery of this Agreement is pending or known to be threatened against the Borrower

(and/or the Guarantors) and no material development not so disclosed has occurred in any litigation, arbitration proceedings or governmental proceedings so disclosed, which could reasonably be expected to materially and adversely affect the financial position or business of the Borrower (and/or the Guarantors) or impair the ability of the Borrower (and/or the Guarantors) to perform its obligations under this Agreement or any other Loan Documents, as applicable.

Article V. Affirmative Covenants.

The Borrower covenants that, during the term of this Agreement (including any extensions hereof) and until all indebtedness described herein shall have been finally paid in full, unless Agent shall otherwise first consent in writing, the Borrower shall:

Section 5.01 Financial Statements and Reports. Promptly furnish to Agent and to each Lender:

(a) Annual Reports. As soon as available, and in any event within ninety (90) days after the close of each Fiscal Year of the Borrower, the audited consolidated Financial Statements of the Borrower setting forth the audited consolidated balance sheets of the Borrower as at the end of such year, and the audited consolidated statements of income, statements of cash flows, and statements of stockholders' equity of the Borrower for such year, setting forth in each case in comparative form (beginning when comparative data are available) the corresponding figures for the preceding Fiscal Year accompanied by the report of the Borrower's certified public accountants. The audit opinion in respect of the Financial Statements of the Borrower shall be the opinion of a firm of independent certified public accountants among the "Big Six" accounting firms;

(b) Quarterly and Year-to-Date Reports. As soon as available and in any event within forty-five (45) days after the end of each Fiscal Quarter, the consolidated unaudited balance sheets of the Borrower as of the end of such Fiscal Quarter, and the consolidated unaudited statements of income and cash flow of the Borrower for such quarter and for a period from the beginning of the Fiscal Year to the close of such Fiscal Quarter, all certified by the chief financial officer or chief accounting officer of the Borrower as being true and correct to the best of his or her knowledge, subject to ordinary year-end accounting adjustments;

(c) Compliance Reports. As soon as available and in any event within ninety (90) days after the close of the Fiscal Year and within forty-five (45) days after the end of each Fiscal Quarter (other than the fourth Fiscal Quarter of each Fiscal Year), the calculations by Borrower of the financial covenants contained in Article VII herein, along with a certificate of compliance (in substantially the form as Exhibit G), certified by the president or chief financial officer of the Borrower stating that such officer has no knowledge of any Event of Default or Default Condition, or if such officer has obtained such knowledge, disclosing the nature, details, and period of existence of such event;

(d) SEC Filings and Public Information. At the same time as they are filed with the Securities and Exchange Commission, copies of the Borrower's 10-Q and 10-K reports; and

(e) Other Information. Promptly upon its becoming available, such other material information about Borrower, the Guarantors or the indebtedness described herein as Agent may reasonably request from time to time.

All such balance sheets and other Financial Statements referred to in Sections 5.01(a) and (b) hereof shall conform to GAAP on a basis consistent with those of previous Financial Statements.

Section 5.02 Annual Certificates of Compliance. Concurrently with the furnishing of the annual Financial Statements pursuant to Section 5.01(a) hereof, furnish or cause to be furnished to Agent and each Lender a certificate of compliance in a form reasonably satisfactory to Agent prepared by independent certified public accountants acceptable to Agent, stating that in making the examination necessary for their audit they have obtained no knowledge of any Default Condition or Event of Default, or event which, after notice or lapse of time (or both), would constitute a Default Condition or Event of Default or, if they have obtained such knowledge, disclosing the nature, details, and period of existence of such event.

Section 5.03 Taxes and Other Liens. Pay and discharge promptly all taxes, assessments, and governmental charges or levies imposed upon the Borrower or its Subsidiaries, or upon any of their income or Property as well as all claims of any kind (including claims for labor, materials, supplies, and rent) which, if unpaid, might become a Lien upon any or all of their Property; provided, however, that neither the Borrower nor any

Subsidiary shall be required to pay any such tax, assessment, charge, levy, or claim if the amount, applicability, or validity thereof shall currently be contested in good faith by appropriate proceedings diligently conducted and if the Borrower (or the Subsidiary, as applicable) shall establish reserves therefor adequate under GAAP.

Section 5.04 Maintenance.

(a) Maintain its and its Guarantors' corporate existence, name, rights, and franchises;

(b) observe and comply (to the extent necessary so that any failure will not materially and adversely affect the business or Property of the Borrower or the Guarantors) with all applicable laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, certificates, franchises, permits, licenses, authorizations, and requirements of all federal, state, county, municipal, and other governments; and

(c) maintain its Property and the Property of its Guarantors (and any Property leased by or consigned to them or held under title retention or conditional sales contracts) in good and workable condition at all times and make all repairs, replacements, additions, and improvements to their Property reasonably necessary and proper to ensure that the business carried on in connection with their Property may be conducted properly and efficiently at all times.

Section 5.05 Further Assurances. Promptly cure any defects in the creation, issuance, and delivery of the Loan Documents. Borrower at its expense promptly will execute and deliver to Agent upon request all such other and further documents, agreements, and instruments in compliance with or accomplishment of the covenants and agreements of Borrower in the Loan Documents, or to correct any omissions in the Loan Documents, all as may be reasonably necessary or appropriate in connection therewith.

Section 5.06 Performance of Obligations.

(a) Pay the indebtedness described herein according to the terms of the Loan Documents; and

(b) do and perform, and cause to be done and to be performed, every act and discharge all of the obligations provided to be performed and discharged by Borrower under the Loan Documents, at the time or times and in the manner specified.

Section 5.07 Insurance. Maintain and continue to maintain, and cause each Subsidiary to maintain and continue to maintain, with financially sound and reputable insurers, insurance satisfactory in type, coverage and amount to Agent against such liabilities, casualties, risks, and contingencies and in such types and amounts as is customary in the case of corporations engaged in the same or similar businesses and similarly situated. Upon request of Agent, Borrower will furnish or cause to be furnished to Agent from time to time a summary of the insurance coverage of Borrower (or its Subsidiaries) in form and substance satisfactory to Agent and if requested will furnish Agent copies of the applicable policies.

Section 5.08 Accounts and Records. Keep books of record and account, in which full, true, and correct entries will be made of all dealings or transactions in accordance with GAAP, except only for changes in accounting principles or practices with which Borrower's certified public accountants concur.

Section 5.09 Right of Inspection. Permit any officer, employee, or agent of Agent or any Lender as may be designated by Agent to visit and inspect any of the Properties of the Borrower and the Guarantors, to examine Borrower's (or Guarantors') books of record and accounts, to take copies and extracts from such books of record and accounts, and to discuss the affairs, finances, and accounts of Borrower (or of the Guarantors) with the respective officers, accountants, and auditors of Borrower (or of the Guarantors), all at such reasonable times and as often as Agent may reasonably desire. Notwithstanding the foregoing provisions of this Section, Wachovia and First Chicago (and their Affiliates) shall have the right of inspection as set forth in this Section without any requirement of approval or designation by Agent.

Section 5.10 Notice of Certain Events. Promptly, but in any case within five (5) Business Days, notify Agent if the Borrower learns of the occurrence of (i) any event that constitutes a Default Condition or Event of Default together with a detailed statement by a responsible officer of the steps being taken as a result thereof; or (ii) the receipt of any notice from, or the taking of any other action by, the holder of any promissory note, debenture, or other evidence of material Debt of the Borrower (or a Guarantor) with respect to a claimed default, together with a detailed statement by a responsible officer of the Borrower specifying the notice given or other action taken by such holder and the nature of the claimed default and what action the

Borrower is taking or proposes to take with respect thereto; or (iii) any legal, judicial, or regulatory proceedings affecting Borrower (or a Guarantor) in which the amount involved is material and is not covered by insurance or which, if adversely determined, would have a material and adverse effect on the business or the financial condition of the Borrower and the Guarantors as a whole; or (iv) any dispute between the Borrower (or a Guarantor) and any governmental or regulatory authority or any other Person, entity, or agency which, if adversely determined, might materially interfere with the normal business operations of the Borrower (or a Guarantor); or (v) any material adverse changes, either individually or in the aggregate, in the assets, liabilities, financial condition, business, operations, affairs, or circumstances of the Borrower from those reflected in the Financial Statements or from the facts warranted or represented in any Loan Document.

Section 5.11 ERISA Information and Compliance. Comply with ERISA and all other applicable laws governing any pension or profit sharing plan or arrangement to which the Borrower or any Subsidiary is a party. The Borrower shall provide Agent with notice of any "reportable event" or "prohibited transaction" or the imposition of a "withdrawal liability" within the meaning of ERISA.

Section 5.12 Additional Guarantees. Within thirty (30) days after the Borrower acquires or creates a Subsidiary (other than an Excluded Subsidiary), the Borrower shall cause the Subsidiary to execute a Guaranty, in substantially the form and substance set forth in Exhibit F, guaranteeing the indebtedness as set forth in this Agreement and the Loan Documents. In the event Borrower creates a Subsidiary and is desirous that such Subsidiary be an Excluded Subsidiary, Borrower shall notify Agent of such request in writing. Agent, with the consent of the Majority Lenders, may consent (in their sole discretion) to a Subsidiary being an Excluded Subsidiary. Borrower shall pay the costs and expenses, including without limitation Agent's legal fees and expenses, in connection with the preparation, execution and review of such Guaranty.

Article VI. Negative Covenants.

The Borrower covenants and agrees that, during the term of this Agreement and any extensions hereof and until the indebtedness described herein has been paid and satisfied in full, unless Agent shall otherwise first consent in writing, the Borrower (on a consolidated basis, taking into account all its Subsidiaries) will not, either directly or indirectly:

Section 6.01 Liens. Create, incur, assume, or permit to exist any Lien on its Property (real, personal, or mixed now owned or hereafter acquired) except, subject to all other provisions of this Article, the foregoing restrictions shall not apply to:

(a) Liens securing the payment of any of the indebtedness described in this Credit Agreement;

(b) Permitted Encumbrances as defined in this Agreement;

(c) Liens securing purchase money security indebtedness up to \$50,000,000 in the aggregate;

(d) Liens for taxes net yet due and payable or taxes, assessments, or other governmental charges that are not assessed or are being contested in good faith by appropriate action promptly initiated and diligently conducted, if Borrower shall have made any reserve therefor required by GAAP;

(e) Liens of landlords, warehousemen, mechanics, materialmen and similar liens imposed by law and created in the ordinary course of business or being contested in good faith by appropriate proceedings and subject to maintenance of adequate reserves under GAAP;

(f) Customary liens incurred or deposited made in the ordinary course of business in connection with worker's compensation, unemployment insurance and other types of social security and to secure performance of statutory obligations, surety and appeal bonds and similar obligations; and

(g) Zoning, easements and restrictions on use of real property which do not materially impair the use of such property.

Section 6.02 Investments, Loans, and Advances. Make or permit to remain outstanding any loans or advances to or investments in any Person, except that, subject to all other provisions of this Article, the foregoing restriction shall not apply to:

(a) investments in direct obligations of the United States of America or any agency thereof;

(b) investments in direct obligations of any political subdivisions of the United States of America or any State of the United States of America having a debt rating from Standard and Poor's Corporation or Moody's Investors

Services, Inc. of AA or better;

(c) any other investments with a maturity of less than one year and having a credit rating of "A1/P1" or "AA" (or their equivalent) from S&P or Moody's, or upon the discontinuance of either or both of such services, any other nationally recognized rating service,

(d) investments in certificates of deposit having maturities of less than one year, or repurchase agreements issued by commercial banks in the United States of America having capital and surplus in excess of \$50,000,000, or commercial paper of the highest quality;

(e) investments in money market funds so long as the entire investment therein is fully insured or so long as the fund is a fund operated by a commercial bank of the type specified in (d) above or in a brokerage account with Merrill Lynch;

(f) investments received in the settlement of Debt which was created in the ordinary course of business;

(g) investments in a Subsidiary; and

(h) loans, advances to, or investments in any Person which in the aggregate do not exceed \$25,000,000.

Section 6.03 Sales and Leasebacks. Enter into any arrangement, directly or indirectly, with any Person by which the Borrower (or a Guarantor) shall sell or transfer any Property, whether now owned or hereafter acquired, and by which the Borrower (or a Guarantor) shall then or thereafter rent or lease as lessee such Property or any part thereof or other Property that Borrower (or a Guarantor) intends to use for substantially the same purpose or purposes as the Property sold or transferred.

Section 6.04 Nature of Business. Suffer or permit any material change to be made in the character of the business of the Borrower or the Guarantors, as carried on as of the date hereof.

Section 6.05 Mergers, Consolidations, Etc. Merge, consolidate or reorganize with or into, or sell, assign, lease, or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its Property (whether now owned or hereafter acquired) to, or become an Affiliate of, any Person; provided, however, that no Event of Default and no Default Condition has occurred, Borrower may merge, reorganize or consolidate with any Person as long as, immediately after and giving effect to any such merger, reorganization or consolidation no event shall occur or would reasonably be expected to occur which constitutes a Default Condition or an Event of Default and, in the case of any such merger, reorganization or consolidation to which Borrower is a party, the Borrower is the surviving corporation and has a consolidated net worth equal to or greater than Borrower prior to such merger, reorganization or consolidation.

Section 6.06 Disposition of Assets. Dispose of any of the assets of the Borrower (or of a Guarantor) other than in the ordinary course of Borrower's (or a Guarantor's, as applicable) present business upon terms standard in Borrower's industry.

Section 6.07 Inconsistent Agreements. Enter into any agreement containing any provision which would be violated or breached by the performance by Borrower of its obligations.

Section 6.08 Fiscal Year. Change its Fiscal Year without the written consent of the Majority Lenders.

Section 6.09 Transactions with Affiliates. Enter into any transaction with its Subsidiaries or any Affiliates (other than a wholly-owned Subsidiary) except on an arms-length basis.

Section 6.10 Transfers to Excluded Subsidiaries. Transfer assets to Excluded Subsidiaries (whether in one transfer or multiple transfers) in any Fiscal Year, which exceeds five percent (5%) of Borrower's total assets in such Fiscal Year.

Article VII Financial Covenants. The Borrower covenants and agrees that, during the term of this Agreement and any extensions hereof and until the indebtedness described herein has been paid and satisfied in full, unless the Majority Lenders shall otherwise first consent in writing, the Borrower will not:

Section 7.01 Financial Covenants.

(a) Interest Coverage Ratio. Permit Borrower's ratio of EBIT to Interest Expense to be less than 3.0 to 1.0. The ratio made herein shall be determined for each Fiscal Quarter, calculated on a trailing four (4) Fiscal Quarter basis.

(b) Lease Adjusted Funded Debt to Total Capitalization. Permit the Borrower's ratio of Lease Adjusted Funded Debt to Borrower's Total Capitalization to exceed .40 to 1.0 at the end of any Fiscal Quarter.

Article VIII. Events of Default.

Section 8.01 Events of Default. Any of the following events shall be considered an Event of Default as those terms are used in this Agreement:

(a) Principal and Interest Payments. The Borrower fails to make payment by 11:00 a.m. (Nashville, Tennessee time) within five (5) days when due of any installment of

interest on the Revolving Credit Notes, the Term Notes or Swing Line Note, the Borrower fails to make payment by 11:00 a.m. (Nashville, Tennessee time) on the due date, of any principal due under the Revolving Credit Notes, the Term Notes or Swing Line Note, or the Borrower fails to pay within fifteen (15) days when due any other payment due hereunder or under any of the Loan Documents; or

(b) Representations and Warranties. Any representation or warranty made by the Borrower in any Loan Document is incorrect in any material respect as of the date thereof; or any representation, statement (including financial statements), certificate, or data furnished or made by Borrower in any Loan Document with respect to any indebtedness is untrue in any material respect, as of the date as of which the facts therein set forth were stated or certified; or

(c) Borrower fails to perform any term, obligation or covenant under Section 5.10, Article VI, or Article VII.

(d) Other Obligations. Borrower (or Guarantor, as applicable) fails to perform any of its other obligations as required by and contained in this Agreement or any Loan Document, and such failure to perform is not cured within thirty (30) days following receipt of written notice thereof from Agent; or

(e) Involuntary Bankruptcy or Receivership Proceedings. A receiver, custodian, liquidator, or trustee of the Borrower or any Guarantor, or of any of their Properties, is appointed by the order or decree of any court or agency or supervisory authority having jurisdiction; or the Borrower or any Guarantor is adjudicated bankrupt or insolvent; or any of the Property of the Borrower or any Guarantor is sequestered by court order or a petition is filed against the Borrower or any Guarantor under any state or federal bankruptcy, reorganization, debt arrangement, insolvency, readjustment of debt, dissolution, liquidation, or receivership law of any jurisdiction, whether now or hereafter in effect; or

(f) Voluntary Petitions. The Borrower or any Guarantor files a petition in voluntary bankruptcy to seek relief under any provision of any bankruptcy, reorganization, debt arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law; or

(g) Assignments for Benefit of Creditors, Etc. The Borrower or any Guarantor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee, or liquidator of the Borrower or any Guarantor or of all or any part of their Properties; or

(h) Discontinuance of Business, Etc. The Borrower or a Guarantor discontinues its principal business; or

(i) Undischarged Judgments. A final judgment which, with other outstanding final judgments against the Borrower and its Subsidiaries, exceeds an aggregate of \$10,000,000 in excess of applicable insurance coverage shall be rendered against the Borrower or any of its Subsidiaries, if, (i) within 30 days after entry thereof, such judgment shall not have been discharged or execution thereof stayed pending appeal or (ii) within 30 days after the expiration of any such stay, such judgment shall not have been discharged; or

(j) Violation of Laws, Etc. The Borrower or any Subsidiary violates or otherwise fails to comply with any law, rule, regulation, decree, order, or judgment under the laws of the United States of America, or of any state or jurisdiction thereof the effect of which has a material and adverse impact on the Borrower and its Subsidiaries as a whole; or the Borrower or any Subsidiary fails or refuses at any and all times to remain current in its or their financial reporting requirements pursuant to such laws, rules, and regulations or pursuant to the rules and regulations of any exchange upon which the shares of the Borrower are traded; or

(k) A default by Borrower (or any Subsidiary) on any other indebtedness which individually or in the aggregate exceeds \$10,000,000 and which causes the acceleration of such indebtedness; or

(l) any Person (or related group of Persons) which does not presently own 30% of the outstanding shares of Borrower, obtains beneficial ownership of more than 30% of the Voting Shares of Borrower; or

(m) there exists a default under any Guaranty subject to any cure or grace periods therein; or

(n) Borrower commences dissolution proceedings under applicable law.

Section 8.02 Remedies. Upon the happening of any Event of Default set forth above, with the exception of those events set forth in Section 8.01(e) and 8.01(f): (i) Agent, acting pursuant to Lenders' direction as set forth in Article XII, may declare the entire principal amount of all indebtedness under this Agreement then outstanding, including interest accrued thereon, to be immediately due and payable without presentment, demand, protest, notice of protest, or dishonor or other notice of default of any kind, all of which Borrower hereby expressly waives, (ii) at Lenders' sole discretion and option, all obligations of any of the Lenders under this Agreement shall immediately cease and terminate unless and until each of the Lenders shall reinstate such obligations in writing; and/or (iii) Lenders may bring an action to protect or enforce their rights under the Loan Documents or seek to collect the indebtedness described herein by any lawful means.

Upon the happening of any event specified in Section 8.01(e) and Section 8.01(f) above: (i) all indebtedness described herein, including all principal, accrued interest, and other charges or monies due in connection therewith shall be immediately and automatically due and payable in full, without presentment, demand, protest, or dishonor or other notice of any kind, all of which Borrower hereby expressly waives, (ii) all obligations of Lenders under this Agreement shall immediately cease and terminate unless and until each of the Lenders shall reinstate such obligations in writing; or (iii) Lenders may bring an action to protect or enforce their rights under the Loan Documents or seek to collect the indebtedness described herein and/or enforce the obligations evidenced herein by any lawful means.

Section 8.03 Default Conditions. Any of the following events shall be considered a Default Condition:

(a) The Borrower suffers a material adverse change in its financial condition; and

(b) Should any event occur that except for the giving of notice and/or the passage of time would be an Event of Default.

Upon the occurrence of a Default Condition or at any time thereafter until such Default Condition no longer exists, the Borrower agrees that the Lenders, in their sole discretion, and without notice to Borrower, may immediately cease making any Advances, all without liability whatsoever to Borrower or any other Person whomsoever, all of which is expressly waived hereby. Borrower releases the Lenders and the Agent from any and all liability whatsoever, whether direct, indirect, or consequential, and whether seen or unforeseen, resulting from or arising out of or in connection with Lenders' determination to cease making Advances pursuant to this Section.

Article IX. General Provisions.

Section 9.01 Notices. All communications under or in connection with this Agreement or any of the other Loan Documents shall be in writing and shall be mailed by first class certified mail, postage prepaid, or otherwise sent by telex, telegram, telecopy, or other similar form of rapid transmission confirmed by mailing (in the manner stated above) a written confirmation at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent, or delivered as follows:

(a) if to Borrower, to its address shown below, or to such other address as Borrower may have furnished to Agent in writing:

Cracker Barrel Old Country Store, Inc.
305 Hartmann Drive
Lebanon, Tennessee 37087
Attention: Michael A. Woodhouse

(b) if to Agent, to its address shown below, or to such other address or to such individual's or department's attention as it may have furnished Borrower in writing:

SunTrust Bank, Nashville, N.A., Agent
201 Fourth Avenue, North
Nashville, Tennessee 37219
Attention: Allen Oakley

(c) if to Lenders, to the address of each of the Lenders as shown beside the respective signature of each of the Lenders.

Any communication so addressed and mailed by certified mail shall be deemed to be given when so mailed.

Section 9.02 Invalidity. In the event that any one or more of the provisions contained in any Loan Document for any reason shall be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of any Loan Document.

Section 9.03 Survival of Agreements. All representations and warranties of Borrower in this Agreement and all covenants and

agreements in this Agreement not fully performed before the Closing Date of this Agreement shall survive the Closing Date.

Section 9.04 Successors and Assigns. The Borrower may not assign its rights or delegate duties under this Agreement or any other Loan Document. All covenants and agreements contained by or on behalf of the Borrower in any Loan Document shall bind the Borrower's successors and assigns and shall inure to the benefit of the Agent, each Lender, the Swing Line Lender, and their respective successors and assigns.

Section 9.05 Waivers. Pursuant to T.C.A. Section 47-50-112, no action or course of dealing on the part of Agent, the Swing Line Lender, or any Lender, its officers, employees, consultants, or agents, nor any failure or delay by Agent, Swing Line Lender, or any Lender with respect to exercising any right, power, or privilege of Agent, Swing Line Lender, or any Lender under any of the Loan Documents shall operate as a waiver thereof, except as otherwise provided in this Agreement. Acting pursuant to the requirements of Article XII herein, Agent may from time to time waive any requirement hereof, including any of the Conditions Precedent; however no waiver shall be effective unless in writing and signed by the Agent. The execution by Agent of any waiver shall not obligate Agent, Swing Line Lender, or any Lender to grant any further, similar, or other waivers.

Section 9.06 Cumulative Rights. The rights and remedies of Agent, Swing Line Lender, or any Lender under each Loan Document shall be cumulative, and the exercise or partial exercise of any such right or remedy shall not preclude the exercise of any other right or remedy.

Section 9.07 Construction. This Agreement and the other Loan Documents constitute a contract made under and shall be construed in accordance with and governed by the laws of the State of Tennessee.

Section 9.08 Time of Essence. Time is of the essence with regard to each and every provision of this Agreement.

Section 9.09 Costs, Expenses, and Indemnification. Borrower agrees to: (a) pay all reasonable out-of-pocket costs and expenses of (i) the Agent in connection with the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents; (ii) the Agent and the Lenders in connection with enforcement of the Loan Documents, including, without limitation, in connection with any such enforcement, the reasonable fees and disbursements of counsel (including allocation of cost of in-house counsel) for the Agent and each of the Lenders; and (b) indemnify the Agent and each Lender, its officers, directors, employees, representatives and agents from and hold each of them harmless against any and all losses, liabilities, claims, damages or expenses (but excluding any such losses, liabilities, claims, damages or expenses to the extent incurred by reason of gross negligence or willful misconduct on the part of the Person to be indemnified) incurred by any of them as a result of, or arising out of, or related to, or by reason of, any litigation or other proceeding related to the entering into and/or performance of any Loan Document or the use of proceeds of any Loans hereunder or the consummation of any other transactions contemplated in the Loan Documents.

Section 9.10 Entire Agreement; No Oral Representations Limiting Enforcement. This Agreement represents the entire agreement between the parties hereto except for such other agreements set forth in the Loan Documents, and any and all oral statements heretofore made regarding the matters set forth herein are merged herein.

Section 9.11 Amendments. The parties hereto agree that this Agreement may not be modified or amended except in writing signed by the parties hereto.

Section 9.12 Distribution of Information. The Borrower hereby authorizes the Agent, the Swing Line Lender, and each Lender, as the Agent, the Swing Line Lender, and each Lender may elect in its sole discretion, to discuss with and furnish to any Affiliate, to any government or self-regulatory agency with jurisdiction over the Agent, the Swing Line Lender, and each Lender, or, subject to the terms of Section 12.12(e) hereof, to any participant or prospective participant, all financial statements, audit reports and other information pertaining to the Borrower (or any Subsidiary) whether such information was provided by Borrower or prepared or obtained by the Agent or third parties. Neither the Agent nor any of its employees, officers, directors or agents make any representation or warranty regarding any audit reports or other analyses of Borrower which the Agent may elect to distribute, whether such information was provided by Borrower or prepared or obtained by the Agent or third parties, nor shall the Agent or any of its employees, officers, directors or agents be liable to any Person receiving a copy of such reports or analyses for any inaccuracy or omission contained in such reports or analyses or relating thereto.

Article X. Jury Waiver.

Section 10.01 Jury Waiver. IF ANY ACTION OR PROCEEDING

INVOLVING THIS LOAN AGREEMENT OR ANY LOAN DOCUMENT IS COMMENCED IN ANY COURT OF COMPETENT JURISDICTION, BORROWER, AGENT, SWING LINE LENDER, AND EACH LENDER HEREBY WAIVE THEIR RIGHTS TO DEMAND A JURY TRIAL.

Article XI. Hazardous Substances.

Section 11.01 Representation and Indemnity Regarding Hazardous Substances.

(a) Borrower has no knowledge of any spills, releases, discharges, or disposal of Hazardous Substances that have occurred or are presently occurring on or onto any of its Property (or the Property of any Subsidiary); or of any spills or disposal of Hazardous Substances that have occurred or are occurring off any of its Property as a result of any construction on or operation and use of such Property; in each case under this paragraph (a) so as to violate any Environmental Law in a manner that would have a material adverse effect on the business, Properties or financial condition of the Borrower (or a Subsidiary) or on the ability of the Borrower (or a Subsidiary) to perform its obligations under this Agreement or any of the other Loan Documents.

(b) The Borrower represents that its Property and any current operation concerning its Property (and the Property of any Subsidiary) and its business operations are not in material violation of any applicable Environmental Law, and the Borrower has no actual knowledge or any notice from any governmental body claiming that such Property or such business operations or operations or uses of the Property have or may result in any violation of any Environmental Law or requiring or calling attention to the need for any work, repairs, corrective actions, construction alterations or installation on or in connection with such Property or the Borrower's business in order to comply with any Environmental Law with which Borrower has not complied, in each case under this paragraph (b) wherein such violation would have a material adverse effect on the business, Properties, or financial condition of the Borrower. If there are any such notices which would have such effect with which Borrower has not complied, Borrower shall provide Agent with copies thereof. If Borrower receives any such notice which would have such effect, Borrower will immediately provide a copy to Agent.

(c) Borrower agrees to indemnify and hold Agent, Swing Line Lender, and Lenders harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits, and other proceedings, costs and expenses (including, without limitation, reasonable attorneys' fees), arising directly or indirectly from or out of, or in any way connected with (i) the presence of any Hazardous Substances on any of its Property (or the Property of a Subsidiary) in violation of any Environmental Law; (ii) any violation or alleged violation of any Environmental Law relating to Hazardous Substances on any of its Property (or the Property of a Subsidiary), whether attributable to events occurring before or after acquisition of any of such Property; (iii) any violation of any Environmental Law by the Borrower (or a Subsidiary) resulting from the conduct of its business, use of its Property, or otherwise; or (iv) any inaccuracy in the certifications contained in Section 11.01(a).

Article XII. The Agent.

Section 12.01 Appointment of Agent. Each Lender hereby designates STB as Agent to administer all matters concerning the Loans and to act as herein specified. Each Lender hereby irrevocably authorizes, and each holder of any Revolving Credit Note and Term Note by the acceptance of a Revolving Credit Note and Term Note shall be deemed irrevocably to authorize, the Agent to take such actions on its behalf under the provisions of this Agreement, the other Loan Documents and all other instruments and agreements referred to herein or therein, and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Agent may perform any of its duties hereunder by or through its agents or employees. The Lenders agree that neither the Agent nor any of its directors, officers, employees or agents shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct. The Lenders agree that the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any of the Lenders, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise be imposed upon or exist against the Agent.

Section 12.02 Authorization of Agent with Respect to the

Loan Documents. (a) Each Lender hereby authorizes the Agent to enter into each of the Loan Documents and to take all action contemplated thereby, all in its capacity as Agent for the ratable benefit of the Lenders. All rights and remedies under the Loan Documents may be exercised by the Agent for the benefit of the Agent and the Lenders upon the terms thereof. The Lenders further agree that the Agent may assign its rights and obligations under any of the Loan Documents to any Affiliate of the Agent, if necessary or appropriate under applicable law, which assignee in each such case shall (subject to compliance with any requirements of applicable law governing the assignment of such Loan Documents) be entitled to all the rights of the Agent under and with respect to the applicable Loan Document.

(b) The Agent shall administer the Loans described herein and the Loan Documents on behalf of and for the benefit of the Lenders in all respects as if the Agent were the sole Lender under the Loan Documents, except that:

(i) The Agent shall administer the Loans and the Loan Documents with a degree of care at least equal to that customarily employed by the Agent in the administration of similar credit facilities for its own account.

(ii) The Agent shall not, without the consent of the Majority Lenders, take any of the following actions:

(A) agree to a waiver of any material requirements, covenants, or obligations of the Borrower contained herein;

(B) agree to any amendment to or modification of any of the terms of any of the Loan Documents;

(C) waive any Event of Default or Default Condition as set forth in the Credit Agreement;

(D) accelerate the indebtedness described in the Credit Agreement following an Event of Default;

(E) initiate litigation or pursue other remedies to enforce the obligations contained in any Loan Document or to collect the indebtedness described herein.

(iii) The Agent shall not, without the consent of all of the Lenders, take any of the following actions:

(A) extend the maturity of any payment of principal of or interest on the indebtedness described herein;

(B) reduce any fees paid to or for the benefit of Lenders under this Credit Agreement;

(C) reduce the rate of interest charged on the indebtedness described herein;

(D) release any Guaranty;

(E) waive, amend, modify or change the Conditions Precedent;

(F) postpone any date fixed for the payment in respect of principal of, or interest on the indebtedness described herein, or any fees hereunder;

(G) modify the definition of Majority Lenders; or

(H) modify this Section 12.02(b)(ii) or (iii).

(c) The Agent, upon its receipt of actual notice thereof, shall notify the Lenders of: (i) each proposed action that would require the consent of the Lenders as set forth herein, or (ii) any action proposed to be taken by the Agent in the administration of the Loans and Loan Documents not in the ordinary course of business; provided that any failure of the Agent to give the Lenders any such notice shall not alone be the basis for any liability of the Agent to the Lenders except for the Agent's gross negligence or willful misconduct.

(d) The Lenders agree that the Agent shall incur no liability under or in respect of this Agreement with respect to anything which it may do or refrain from doing in the reasonable exercise of its judgment or which may seem to it to be necessary or desirable in the circumstances, except for its gross negligence or willful misconduct.

(e) The Agent shall not be liable to the Lenders or to any Lender in acting or refraining from acting under this Agreement or any other Loan Document in accordance with the instructions of the Majority Lenders or all of the Lenders, where expressly required by this Agreement, and any action taken or failure to act pursuant to such instructions shall be binding on all Lenders. In each circumstance where any consent of or direction from the Majority Lenders or all of the Lenders is required or requested by Agent, the Agent shall send to the Lenders a notice setting forth a description in reasonable detail of the matter as to which consent or direction is requested and the Agent's proposed course of action with respect thereto. In the event the Agent shall not have received a response from any Lender within five (5) Business Days after Agent sends such notice,

such Lender shall be deemed not to have agreed to the course of action proposed by the Agent.

Section 12.03 Agent's Duties Limited; No Fiduciary Duty. The Lenders agree that the Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the other Loan Documents. The Lenders agree that none of the Agent nor any of its respective officers, directors, employees or agents shall be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The Agent shall not have by reason of this Agreement a fiduciary relationship to or in respect of any Lender, and nothing in this Agreement, express or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement or the other Loan Documents except as expressly set forth herein.

SECTION 12.04 No Reliance on the Agent. (A) EACH LENDER REPRESENTS AND WARRANTS TO THE AGENT AND THE OTHER LENDERS THAT INDEPENDENTLY AND WITHOUT RELIANCE UPON THE AGENT, EACH LENDER, TO THE EXTENT IT DEEMS APPROPRIATE, HAS MADE AND SHALL CONTINUE TO MAKE (I) ITS OWN INDEPENDENT INVESTIGATION OF THE FINANCIAL CONDITION AND AFFAIRS OF THE BORROWER, THE GUARANTORS AND ANY SUBSIDIARY IN CONNECTION WITH THE TAKING OR NOT TAKING OF ANY ACTION IN CONNECTION HEREWITH, AND (II) ITS OWN APPRAISAL OF THE CREDITWORTHINESS OF THE BORROWER, THE GUARANTORS AND ANY SUBSIDIARY, AND, EACH LENDER FURTHER AGREES THAT, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THE AGENT SHALL HAVE NO DUTY OR RESPONSIBILITY, EITHER INITIALLY OR ON A CONTINUING BASIS, TO PROVIDE ANY LENDER WITH ANY CREDIT OR OTHER INFORMATION WITH RESPECT THERETO, WHETHER COMING INTO ITS POSSESSION BEFORE THE MAKING OF THE LOANS OR AT ANY TIME OR TIMES THEREAFTER. AS LONG AS ANY OF THE LOANS ARE OUTSTANDING AND/OR ANY AMOUNT IS AVAILABLE TO BE REQUESTED OR BORROWED HEREUNDER, OR THIS AGREEMENT AND THE LOAN DOCUMENTS HAVE NOT BEEN CANCELLED AND TERMINATED, EACH LENDER SHALL CONTINUE TO MAKE ITS OWN INDEPENDENT EVALUATION OF THE FINANCIAL CONDITION AND AFFAIRS OF THE BORROWER, THE GUARANTORS AND THE SUBSIDIARIES.

(b) The Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, collectability, priority or sufficiency of this Agreement, the Revolving Credit Notes, the Swing Line Note, the Term Notes, the Guarantees, the other Loan Documents, or any other documents contemplated hereby or thereby, or the financial condition of the Borrower, the Guarantors and any Subsidiary, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement, the Revolving Credit Notes, the Swing Line Note, the Term Notes, the Guarantees, the other Loan Documents or the other documents contemplated hereby or thereby, or the financial condition of the Borrower, the Guarantors and any Subsidiary, or the existence or possible existence of any Default Condition or Event of Default.

Section 12.05 Certain Rights of Agent. The Lenders agree that if the Agent shall request instructions from the Majority Lenders (or all of the Lenders where unanimity is expressly required under the terms of this Agreement) with respect to any action or actions (including the failure to act) in connection with this Agreement, the Agent shall be entitled to refrain from such act or taking such act, unless and until the Agent shall have received instructions from the Majority Lenders (or all of the Lenders where unanimity is expressly required under the terms of this Agreement); and the Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting hereunder in accordance with the instructions of the Majority Lenders (or, with regard to acts for which the consent of all of the Lenders is expressly required under the terms of this Agreement, in accordance with the instructions of all of the Lenders).

Section 12.06 Reliance by Agent. The Lenders agree that the Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other documentary, teletransmission or telephone message reasonably believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. The Lenders agree that the Agent may consult with legal counsel (including counsel for any Lender), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 12.07 Indemnification of Agent. To the extent the Agent is not reimbursed and indemnified by the Borrower, each

Lender will reimburse and indemnify the Agent, ratably according to their respective Pro Rata Share, for, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including fees of experts, consultants and counsel and disbursements) or disbursements of any kind or nature whatsoever that may be imposed on, incurred by or asserted against the Agent in performing its duties hereunder, in any way relating to or arising out of this Agreement or the other Loan Documents; provided that no Lender shall be liable to the Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct. The obligations and indemnifications arising under this Section 12.07 shall survive termination of this Agreement, repayment of the Loans and indebtedness arising in connection with the Letters of Credit and expiration of the Letters of Credit.

Section 12.08 The Agent in its Individual Capacity. With respect to its obligation to lend under this Agreement, the Loan made by it and the Revolving Credit Note and Term Note issued to it, the Agent shall have the same rights and powers hereunder as any other Lender or holder of a Revolving Credit Note and Term Note and may exercise the same as though it were not performing the duties of Agent specified herein; and the terms "Lenders," "Majority Lenders," "holders of Revolving Credit Notes," "holders of Term Notes," or any similar terms shall, unless the context clearly otherwise indicates, include the Agent in its individual capacity. The Agent also may exercise the rights and remedies of the Swing Line Lender. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any Subsidiary of the Borrower as if it were not performing the duties specified herein as Agent, and may accept fees and other consideration from the Borrower for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

Section 12.09 Holders of Notes. The Agent and the Borrower may deem and treat the payee of any Revolving Credit Notes and any Term Notes as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Agent and the Borrower. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Revolving Credit Note and any Term Note shall be conclusive and binding on any subsequent holder, transferee or assignee of such Revolving Credit Note any Term Note.

Section 12.10 Successor Agent. (a) The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with cause by the Majority Lenders; provided, however, the Agent may not resign or be removed until (i) a successor Agent has been appointed and shall have accepted such appointment, (ii) the successor Agent has assumed all responsibility for issuance of the Letters of Credit and the successor Agent has assumed in the place and stead of the Agent all existing liability under outstanding Letters of Credit, and (iii) the successor Agent has assumed in the place and stead of the Agent all liability and responsibility of the Swing Line Lender, including the purchase by the successor Agent from the Agent of the Swing Line Lender's position in the Swing Line Note. The transactions described in the immediately preceding sentence shall be accomplished pursuant to written agreements reasonably satisfactory to the Agent and the successor Agent. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Agent with the consent of Borrower, which shall not be unreasonably withheld. If no successor Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within thirty (30) days after the retiring Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent (with the consent of Borrower, which will not be unreasonably withheld), which shall be a bank that maintains an office in the United States, or a commercial bank organized under the laws of the United States of America or any State thereof, or any Affiliate of such bank, having a combined capital and surplus of at least \$100,000,000.

(b) Upon the acceptance of any appointment as the Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article XII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this

Agreement.

Section 12.11 Notice of Default or Event of Default. In the event that the Agent or any Lender shall acquire actual knowledge, or shall have been notified, of any Default Condition or Event of Default (other than through a notice by one party hereto to all other parties), the Agent or such Lender shall promptly notify the Agent, and the Agent shall take such action and assert such rights under this Agreement as the Majority Lenders shall request in writing, and the Agent shall not be subject to any liability by reason of its acting pursuant to any such request. If, following notification by Agent to Lenders, the Majority Lenders (or all of the Lenders if required hereunder) shall fail to request the Agent to take action or to assert rights under this Agreement in respect of any Default Condition or Event of Default within five (5) Business Days after their receipt of the notice of any Default Condition or Event of Default from the Agent or any Lender, or shall request inconsistent action with respect to such Default Condition or Event of Default, the Agent may, but shall not be required to, take such action and assert such rights (other than rights under Article VIII hereof) as it deems in its discretion to be advisable for the protection of the Lenders.

Section 12.12 Benefit of Agreement.

(a) Any Lender may make, carry or transfer Loans at, to or for the account of, any of its branch offices or the office of an Affiliate of such Lender, provided that no such action shall increase the cost of the Loans to the Borrower.

(b) Each Lender may assign a portion of its interests, rights and obligations under this Agreement, including all or a portion of any of its Revolving Credit Loan Commitment (including without limitation its commitment to participate in Letters of Credit) and/or its Term Loan Commitment to any Eligible Assignee; provided, however, that (i) the amount of the Revolving Credit Loan Commitment or Term Loan Commitment of the assigning Lender subject to each assignment (determined as of the date the assignment and acceptance with respect to such assignment is delivered to the Agent) shall not be less than an amount equal to \$10,000,000 or greater integral multiples thereof, and (ii) the parties to each such assignment shall execute and deliver to the Agent and the Borrower an Assignment and Acceptance, together with a Revolving Credit Note(s) and Term Note(s) subject to such assignment and, unless such assignment is to an Affiliate of such Lender, a processing and recordation fee of \$3,000. Borrower shall not be responsible for such processing and recordation fee or any costs or expenses incurred by any Lender or the Agent in connection with such assignment. From and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five (5) Business Days after the execution thereof, the assignee thereunder shall be a party hereto and to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement. Notwithstanding the foregoing, the assigning Lender must retain after the consummation of such Assignment and Acceptance, a minimum aggregate amount of Revolving Credit Loan Commitment and Term Loan Commitment of \$10,000,000; provided, however, no such minimum amount shall be required with respect to any such assignment made at any time there exists an Event of Default hereunder. Within five (5) Business Days after receipt of the notice and the Assignment and Acceptance, Borrower, at their own expense, shall execute and deliver to the Agent, in exchange for the surrendered Revolving Credit Note(s) or Term Note(s), a new Revolving Credit Note (or Revolving Credit Notes) and a New Term Note (or Term Notes) to the order of the Eligible Assignee in a principal amount equal to the applicable Revolving Credit Loan Commitment and Term Loan Commitment assumed by it pursuant to such Assignment and Acceptance, as well as a new Revolving Credit Note (or Revolving Credit Notes) and a new Term Note (or Term Notes) to the assigning Lender in the amount of its retained Revolving Credit Loan Commitment and Term Loan Commitment. Such new Revolving Credit Note(s) and Term Note(s) to the Eligible Assignee and to the assigning Lender shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Revolving Credit Note(s) or Term Note(s), shall be dated the date of the surrendered Revolving Credit Note(s) or Term Note(s) that they replace, and shall otherwise be in substantially the form attached hereto as Exhibits A and B, respectively.

(c) No assignment of all or any portion of this Agreement by any Lender shall be permitted without compliance with the provisions of Section 12.12(b) hereof, or if such assignment would violate any applicable securities law. In connection with its execution and delivery hereof each Lender represents that it is acquiring its interest herein for its own account for investment purposes and not with a view to further distribution thereof, and shall require any proposed assignee to furnish similar representations to the Agent and the Borrower.

(d) Each Lender may, without the consent of Borrower or the Agent but subject to the provisions of Section 2.07, sell participations in its respective Revolving Credit Loan Commitment, Term Loan Commitment and Letter of Credit commitments to such Lender's Affiliate(s), but sales of participations to Persons other than such Lender's Affiliates shall be made only with the prior written consent of the Borrower (which consent shall not be unreasonably withheld or delayed) and in all events subject to said Section. Provided, however, that (i) no Lender may sell a participation in its aggregate Revolving Credit Loan Commitment, Term Loan Commitment and Letter of Credit commitments (after giving effect to any permitted assignment hereof) unless it retains an aggregate exposure of at least \$10,000,000 (except that no such limitation shall be applicable to any such participation sold at any time there exists an Event of Default hereunder), (ii) such Lender's obligations under this Agreement shall remain unchanged, (iii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (v) Borrower and the Agent and other Lenders shall continue to deal solely and directly with each Lender in connection with such Lender's rights and obligations as provided in this Agreement and the other Loan Documents. Each Lender shall promptly notify in writing the Agent of any sale of a participation hereunder.

(e) Any Lender or participant may, in connection with the assignment or participation or proposed assignment or participation, pursuant to this Section 12.12, disclose to the assignee or participant or proposed assignee or participant any information relating to Borrower or any Subsidiary, furnished to such Lender by or on behalf of Borrower. With respect to any disclosure of confidential, non-public, proprietary information, such proposed assignee or participant shall agree to use the information only for the purpose of making any necessary credit judgments with respect to this credit facility and not to use the information in any manner prohibited by any law, including without limitation, the securities laws of the United States. The proposed participant or assignee shall agree in writing not to disclose any of such information except (i) to directors, employees, auditors or counsel to whom it is necessary to show such information, each of whom shall be informed of the confidential nature of the information and agree to maintain the confidentiality thereof as described herein, (ii) in any statement or testimony pursuant to a subpoena or order by any court, governmental body or other agency asserting jurisdiction over such entity, or as otherwise required by law (provided prior notice is given to Borrower and the Agent unless otherwise prohibited by the subpoena, order or law), and (iii) upon the request or demand of any regulatory agency or authority with proper jurisdiction. The proposed participant or assignee, and such representatives, shall further agree to return to Borrower all documents or other written material and copies thereof received from any Lender, the Agent or Borrower relating to such confidential information.

(f) Any Lender may at any time assign all or any portion of its rights in this Agreement, the Term Notes and the Revolving Credit Notes issued to it to a Federal Reserve Bank; provided that no such assignment shall release the assigning Lender from any of its obligations hereunder.

Section 12.13 Removal of Lender. In the event that any Lender (the "Specified Lender") (a) fails to perform its obligation to fund any portion of the Loan when required to do so by the terms of this Agreement or excused only by Section 2.17, (b) demands payment in respect of increased costs pursuant to Section 2.18 in an amount the Borrower reasonably deems materially in excess of the amounts in respect thereof demanded by the other Lenders, or (c) refuses to consent to a proposed amendment, modification, consent or other action requiring unanimity among the Lenders under the terms of this Agreement, as to which the Majority Lenders have given such consent, then, so long as no Event of Default or Default Condition exists, the Borrower shall have the right to seek a replacement Lender which is reasonably satisfactory to the Agent (a "Replacement Lender"). The Replacement Lender shall purchase the interest of the Specified Lender in the Loan and shall assume the obligations of the Specified Lender hereunder upon execution by the Replacement Lender of an Assignment and Acceptance and the tender by it to the Specified Lender of a purchase price agreed by it and the Specified Lender (or, if they are unable to agree, a purchase price equal to the amount of the Specified Lender's Pro Rata Share of the Loan and all other amounts then owed by the Borrower to the Specified Lender). Upon consummation of such assignment, the Replacement Lender shall become a party to this Agreement as a signatory hereto and shall have all of the rights and obligations of the Specified Lender under this Agreement and under the other Loan Documents, and no further consent or action by any party shall be required. Upon the consummation of such

assignment, the Borrower, the Agent and the Specified Lender shall make appropriate arrangements so that a new Revolving Credit Note and a new Term Note are issued to the Replacement Lender. The Borrower and the Guarantors shall sign such documents and take such other actions reasonably requested by the Replacement Lender or the Agent to enable the Replacement Lender to share in the rights created by this Agreement and the other Loan Documents. Until the consummation of an assignment in accordance with the foregoing provisions of this Section 12.13, the Company

shall continue to pay to or for the benefit of the Specified Lender all amounts which it is required to pay pursuant to this Agreement and the other Loan Documents, as they become due and payable.

Article XIII. Guarantors.

Section 13.01 Guarantors. The obligations of the Borrower under the Loan Documents shall be guaranteed jointly and severally by each of the Guarantors pursuant to the Guarantees.

ENTERED INTO the date first above written.

BORROWER:

CRACKER BARREL OLD COUNTRY STORE,
INC.

By: /s/Michael A. Woodhouse

Title: Senior Vice President, Finance
and Chief Financial Officer

AGENT:

SUNTRUST BANK, NASHVILLE, N.A., Agent

By: /s/Allen K. Oakley

Title: Senior Vice President

LENDERS:

SUNTRUST BANK, NASHVILLE, N.A.

By: /s/Allen K. Oakley

Title: Senior Vice President

Address: 201 Fourth Avenue North
Nashville, Tennessee 37219

Pro Rata Share: 40%

WACHOVIA BANK OF GEORGIA, N.A.

By: /s/Charles Dee O'Dell II

Title: Vice President

Address: 191 Peachtree Street, N.E.
Atlanta, Georgia 30303

Pro Rata Share: 30%

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/Curtis A. Price

Title: As Agent

Address: One First National Plaza
Mail Suite 0324
Chicago, IL 60670

Pro Rata Share: 30%

SELECTED FINANCIAL DATA

For each of the fiscal years ended
(In thousands except per share data)

	August 1, 1997	August 2, 1996	July 28, 1995	July 29, 1994	July 30, 1993
OPERATING RESULTS					
Net sales	\$1,123,851	\$943,287	\$783,093	\$640,899	\$517,616
Cost of goods sold	387,703	324,905	264,809	215,071	171,709
Expenses:					
Store operations:					
Labor & other related expenses	378,117	314,157	256,253	207,227	167,909
Other store operating expenses	162,675	138,701	114,564	92,694	74,673
Store closing costs*	--	14,199	--	--	--
General and administrative	57,798	50,627	44,746	36,807	30,096
Total expenses	598,590	517,684	415,563	336,728	272,678
Operating income	137,558	100,698	102,721	89,100	73,229
Interest expense	2,089	369	723	2,136	2,885
Interest income	1,988	2,051	3,335	3,604	2,600
Income before income taxes and change in accounting principle	137,457	102,380	105,333	90,568	72,944
Provision for income taxes	50,859	38,865	39,290	33,609	27,292
Income before change in accounting principle	86,598	63,515	66,043	56,959	45,652
Cumulative effect of change in accounting principle**	--	--	--	988	--
Net income	\$ 86,598	\$ 63,515	\$ 66,043	\$ 57,947	\$45,652
SHARE DATA					
Earnings before change in accounting principle per share	\$1.41	\$1.04	\$1.09	\$.94	\$.78
Cumulative effect of change in accounting principle per share**	--	--	--	.02	--
Net earnings per share	1.41	1.04	1.09	.96	.78
Dividends per share	\$.02	\$.02	\$.02	\$.02	\$.02
Weighted average shares outstanding	61,446	60,813	60,557	60,607	58,789
FINANCIAL POSITION					
Working capital	\$ 60,654	\$ 23,289	\$ 43,600	\$ 60,721	\$ 76,115
Total assets	828,705	676,379	604,515	530,064	469,073
Property and equipment -net	678,167	568,573	479,518	385,960	305,596
Long-term debt	62,000	15,500	19,500	23,500	36,576
Capital lease obligations	1,302	1,468	1,598	1,709	1,802
Stockholders' equity	660,432	566,221	496,083	429,846	366,785

*Represents one-time charge to close certain stores and other write-offs.
(See Note 1 to the Company's Consolidated Financial Statements.)

**The Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", effective July 31, 1993.

MARKET PRICE AND DIVIDEND INFORMATION

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

Quarter	Fiscal Year 1997			Fiscal Year 1996		
	Prices		Dividends	Prices		Dividends
	High	Low	Paid	High	Low	Paid

First	\$25.63	\$19.63	\$.005	\$21.50	\$17.38	\$.005
Second	28.38	19.88	.005	19.25	15.75	.005
Third	29.25	24.88	.005	24.88	17.88	.005
Fourth	29.88	23.75	.005	27.38	19.38	.005

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

RESULTS OF OPERATIONS

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

	Relationship to Net Sales			Period to Period Increase(Decrease)	
	1997	1996	1995	1997 vs 1996	1996 vs 1995
Net Sales					
Restaurant	76.8%	77.8%	77.9%	18%	20%
Retail	23.2	22.2	22.1	25	21
	100.0%	100.0%	100.0%	19	20
Cost of goods sold	34.5	34.4	33.8	19	23
Expenses:					
Store operations:					
Labor & other related expenses	33.7	33.3	32.7	20	23
Other store operating expenses	14.5	14.7	14.6	17	21
Store closing costs*	--	1.5	--	--	--
General & administrative	5.1	5.4	5.7	14	13
Operating income	12.2	10.7	13.1	37	(2)
Interest expense	.2	.1	.1	466	(49)
Interest income	.2	.2	.4	(3)	(39)
Income before income taxes	12.2	10.8	13.5	34	(3)
Provision for income taxes	4.5	4.1	5.0	31	(1)
Net income	7.7	6.7	8.4	36	(4)

*Represents one-time charge to close certain stores and other write-offs.
(See Note 1 to the Company's Consolidated Financial Statements.)

SAME STORE SALES ANALYSIS

	Period to Period Increase	
	1997 vs 1996 (214 Stores)	1996 vs 1995 (181 Stores)
Restaurant	3%	2%
Retail	8	2
Restaurant & retail	4	2

Same store restaurant sales (which compare sales of stores open throughout the fiscal years under comparison) increased 3% in fiscal 1997 versus the comparable 52 weeks of fiscal 1996. Same store restaurant sales increased 2% for the comparable 52 weeks of fiscal 1996 versus fiscal 1995. The increase in same store restaurant sales growth from fiscal 1996 to fiscal 1997 was primarily due to normal winter weather conditions in fiscal 1997 compared to the extreme winter weather experienced in fiscal 1996.

Same store retail sales increased 8% in fiscal 1997 versus the comparable 52 weeks of fiscal 1996 while same store retail sales increased 2% for the comparable 52-week period in fiscal 1996 versus fiscal 1995. The increase in same store retail sales growth from fiscal 1996 to fiscal 1997 was primarily due to the introduction of three browsing books during the Christmas, spring and summer seasons in fiscal 1997 as compared to only a summer browsing book in fiscal 1996 and the normal winter weather conditions in fiscal 1997 compared to the extreme winter weather experienced in fiscal 1996.

In fiscal 1997 total sales (restaurant and retail) in the 214 same stores averaged \$4.06 million. Restaurant sales were 77.0% of total sales in the same 214 stores in fiscal 1997 and 77.8% in fiscal 1996.

Total net sales, which increased 19% and 20% in fiscal 1997 and 1996, respectively, benefited from comparable store sales growth and the opening of 50, 43 and 36 new stores in fiscal 1997, 1996 and 1995, respectively. The total net sales increase in fiscal 1996 also benefited from an extra week, while the total net sales increase in fiscal 1997 was negatively affected by the extra week in fiscal 1996. (See Note 1 to the Company's Consolidated Financial Statements.)

Cost of goods sold as a percentage of net sales increased in fiscal 1997 to 34.5% from 34.4% in 1996. This increase was primarily due to an increasing mix of retail sales which have a higher cost than restaurant sales. Food cost as a percentage of net sales in fiscal 1997 was unchanged from fiscal 1996 primarily due to menu increases of approximately .6% and 2.3% taken in October 1996 and May 1997, respectively, and operational efficiencies as a result of the normal winter weather conditions in fiscal 1997 as compared to the extreme conditions in fiscal 1996, which together were offset by increases in coffee, dairy and hog complex prices. Cost of goods sold as a percentage of net sales increased in fiscal 1996 to 34.4% from 33.8% in 1995. This increase was primarily due to a new menu, implemented in May 1995, that raised ideal food cost as the result of a change in menu mix. Additionally, the increase in cost of goods sold was due to operating inefficiencies in the restaurants as a result of extreme winter weather conditions as compared to fiscal 1995 and substantial increases in hog complex prices in the Company's fourth fiscal quarter of 1996.

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. Labor expenses as a percentage of net sales were 33.7%, 33.3% and 32.7% in fiscal 1997, 1996 and 1995, respectively. The year to year increase in fiscal 1997 versus fiscal 1996 was primarily due to the introduction of a new store-level bonus program at the beginning of fiscal 1997 and store-level, hourly-employee wage inflation of approximately 2.7%. These increases were partially offset by the enhanced productivity achieved through operational changes implemented in the fourth quarter of fiscal 1996 and throughout fiscal 1997. The year to year increase in fiscal 1996 versus fiscal 1995 was primarily due to continuing labor cost pressures as the costs to hire and retain employees continued to increase, unemployment rates remained low and competition remained high in the industry.

Other store operating expenses include all unit-level operating costs, the major components of which are operating supplies, repairs and maintenance, advertising expenses, utilities, depreciation and amortization. Other store operating expenses as a percentage of net sales were 14.5%, 14.7% and 14.6% in fiscal 1997, 1996 and 1995, respectively. The year to year decrease in fiscal 1997 versus fiscal 1996 was primarily due to a decrease in operating supplies expense resulting from the return to paper napkins from linen napkins in the stores during the fourth quarter of fiscal 1996. The year to year increase in fiscal 1996 versus fiscal 1995 was attributable to higher depreciation related to opening 43 and 36 new stores in fiscal 1996 and 1995, respectively. The store closing costs in fiscal 1996 were due to the one-time charge for store closings and other write-offs in the fourth quarter of fiscal 1996. (See Note 1 to the Company's Consolidated Financial Statements.)

General and administrative expenses as a percentage of net sales were 5.1%, 5.4% and 5.7% in fiscal 1997, 1996 and 1995, respectively. The reductions from year to year were accomplished largely through improved volume. The largest areas of increased spending in absolute dollars in fiscal 1997 were in manager trainee costs to support the continued growth of the business and in corporate bonuses as a result of the improvement in pretax income in fiscal 1997 versus fiscal 1996.

Interest expense increased to \$2.1 million in fiscal 1997 from \$0.4 million in fiscal 1996. The increase was primarily due to the Company's drawing on a \$50.0 million term loan on December 2, 1996. Interest expense decreased to \$0.4 million in fiscal 1996 from \$0.7 million in fiscal 1995 primarily due to the scheduled principal payments on the 9.53% Senior Notes.

Interest income decreased in fiscal 1997 to \$2.0 million from \$2.1 million in fiscal 1996 and \$3.3 million in fiscal 1995. The primary reason for the decrease in interest income was lower average funds available for investment.

Provision for income taxes as a percent of pretax income was 37.0% for fiscal 1997, 38.0% for fiscal 1996 and 37.3% for fiscal 1995. The primary reasons for the decrease in the tax rate in fiscal 1997 were decreases in the effective state tax rates and the institution of the Work Opportunity Tax Credit by the federal government to replace the expired Targeted Jobs Tax Credit. The primary reason for the increase in the tax rate in fiscal 1996 was the expiration of the Targeted Jobs Tax Credit program and increases in state rates.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The Company will adopt SFAS No. 128, "Earnings per Share", in the second quarter of fiscal 1998. The Company is still evaluating the effect of adopting SFAS No. 128, but does not expect the adoption to have a material effect on the Company's consolidated financial statements. SFAS No. 130, "Reporting Comprehensive Income", and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", become effective for the Company in the first quarter of fiscal 1999. The Company is still evaluating the effects of adopting SFAS No. 130 and SFAS No. 131, but does not expect the adoption of either pronouncement to have a material effect on the Company's consolidated financial statements. (See Note 1 to the Company's Consolidated Financial Statements.)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash generated from operating activities was \$124.2 million in fiscal 1997. Most of this cash was provided by net income adjusted by depreciation and amortization. Increases in accrued employee compensation and deferred income taxes were partially offset by increases in inventories and prepaid expenses and decreases in accounts payable.

Capital expenditures were \$148.6 million in fiscal 1997. Land purchases and cost of new stores accounted for substantially all of these expenditures.

The Company's internally generated cash and short-term and long-term investments were sufficient to finance all of its growth in fiscal 1997, but not to meet its seasonal cash needs. As planned, the Company established a \$50.0 million term loan in the second quarter of fiscal 1997 to meet its seasonal cash needs in fiscal 1997 and its planned needs in fiscal 1998.

The Company estimates that its capital expenditures for fiscal 1998 will be approximately \$190 million, substantially all of which will be land purchases and construction of new stores. On December 2, 1996 the Company received the proceeds from a \$50.0 million 5-year term loan bearing interest at a three-month LIBOR-based rate ("London Interbank Offered Rate"). Concurrently, the Company entered into a swap agreement with a bank to fix the interest rate at 6.36% for the life of the term loan. This \$50.0 million term loan is part of a \$125.0 million bank credit facility that also includes a \$75.0 million revolver. Management believes that cash and short-term investments at August 1, 1997, along with cash generated from the Company's operating activities and its available \$75.0 million revolver, will be sufficient to finance its continued expansion plans through fiscal 1999.

CONSOLIDATED BALANCE SHEET

(In thousands except share data)

ASSETS	August 1, 1997	August 2, 1996
Current Assets:		
Cash and cash equivalents	\$ 64,933	\$ 28,971
Short-term investments	1,666	4,735
Receivables	4,836	2,803
Inventories	73,269	61,470
Prepaid expenses	4,707	1,485
Deferred income taxes	--	6,972
Total current assets	149,411	106,436
Property and Equipment:		
Land	192,258	165,376
Buildings and improvements	423,260	346,479
Buildings under capital leases	3,289	3,289
Restaurant and other equipment	176,959	151,018
Leasehold improvements	12,646	12,343
Construction in progress	22,985	13,738
Total	831,397	692,243
Less: Accumulated depreciation and amortization of capital leases	153,230	123,670
Property and equipment-net	678,167	568,573
Long-term Investments	--	565
Other Assets	1,127	805
Total	\$828,705	\$676,379
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 27,422	\$ 30,565
Current maturities of long-term debt	3,500	4,000
Current portion of capital lease obligations	166	130
Taxes withheld and accrued	13,969	12,475
Income taxes payable	2,429	4,123
Deferred income taxes	2,362	--
Accrued employee compensation	22,374	15,647
Accrued employee benefits	9,961	9,692
Other accrued expenses	6,574	6,515
Total current liabilities	88,757	83,147
Long-term Debt	62,000	15,500
Capital Lease Obligations	1,302	1,468
Deferred Income Taxes	16,214	10,043
Commitments and Contingencies (Note 9)		
Stockholders' Equity:		
Common stock - 150,000,000 shares of \$.50 par value authorized; shares issued and outstanding: 1997, 61,065,306; 1996, 60,594,353	30,533	30,297
Additional paid-in capital	211,850	202,951
Retained earnings	418,049	332,973
Total stockholders' equity	660,432	566,221
Total	\$828,705	\$676,379
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See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

(In thousands except per share data)

Fiscal years ended

	August 1, 1997	August 2, 1996	July 28, 1995
Net sales	\$1,123,851	\$943,287	\$783,093
Cost of goods sold	387,703	324,905	264,809
Gross profit on sales	736,148	618,382	518,284
Expenses:			
Store operations:			
Labor & other related expenses	378,117	314,157	256,253
Other store operating expenses	162,675	138,701	114,564
Store closing costs	--	14,199	--
General and administrative	57,798	50,627	44,746
Total expenses	598,590	517,684	415,563
Operating income	137,558	100,698	102,721
Interest expense	2,089	369	723
Interest income	1,988	2,051	3,335
Income before income taxes	137,457	102,380	105,333
Provision for income taxes	50,859	38,865	39,290
Net income	\$ 86,598	\$ 63,515	\$ 66,043
Net earnings per share	\$1.41	\$1.04	\$1.09

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	(In thousands except per share data)			
	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
Balances at July 29, 1994	\$29,950	\$194,074	\$205,822	\$429,846
Cash dividends - \$.02 per share	--	--	(1,199)	(1,199)
Exercise of stock options	46	969	--	1,015
Tax benefit realized upon exercise of stock options	--	378	--	378
Net income	--	--	66,043	66,043
Balances at July 28, 1995	29,996	195,421	270,666	496,083
Cash dividends - \$.02 per share	--	--	(1,208)	(1,208)
Exercise of stock options	301	4,865	--	5,166
Tax benefit realized upon exercise of stock options	--	2,665	--	2,665
Net income	--	--	63,515	63,515
Balances at August 2, 1996	30,297	202,951	332,973	566,221
Cash dividends - \$.02 per share	--	--	(1,522)	(1,522)
Exercise of stock options	236	7,288	--	7,524
Tax benefit realized upon exercise of stock options	--	1,611	--	1,611
Net income	--	--	6,598	86,598
Balances at August 1, 1997	\$30,533	\$211,850	\$418,049	\$660,432

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)
Fiscal years ended
August 1, August 2, July 28,
1997 1996 1995

Cash flows from operating activities:			
Net income	\$ 86,598	\$ 63,515	\$66,043
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	35,735	31,433	26,488
Loss (gain) on disposition of property and equipment	135	14,689	(66)
Changes in assets and liabilities:			
Receivables	(2,033)	390	(199)
Inventories	(11,799)	(9,955)	(9,525)
Prepaid expenses	(3,222)	(573)	182
Other assets	(436)	(212)	(60)
Accounts payable	(3,143)	814	3,985
Taxes withheld and accrued	1,494	1,651	3,416
Income taxes payable	(1,694)	(1,465)	548
Accrued employee compensation	6,727	1,965	494
Accrued employee benefits	269	2,590	(780)
Other accrued expenses	59	806	1,428
Deferred income taxes	15,505	(1,978)	418
Net cash provided by operating activities	124,195	103,670	92,372
Cash flows from investing activities:			
Purchase of short-term investments	(603)	(4,011)	(7,169)
Proceeds from maturities of short-term investments	4,237	13,852	38,994
Purchase of property and equipment	(148,649)	(137,633)	(121,052)
Proceeds from sale of property and equipment	3,299	2,456	1,073
Net cash used in investing activities	(141,716)	(125,336)	(88,154)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	50,000	--	--
Proceeds from exercise of stock options	7,524	5,166	1,015
Tax benefit realized upon exercise of stock options	1,611	2,665	378
Principal payments under long-term debt and capital lease obligations	(4,130)	(4,110)	(3,594)
Dividends on common stock	(1,522)	(1,208)	(1,199)
Net cash provided by (used in) financing activities	53,483	2,513	(3,400)
Net increase (decrease) in cash and cash equivalents	35,962	(19,153)	818
Cash and cash equivalents, beginning of year	28,971	48,124	47,306
Cash and cash equivalents, end of year	\$ 64,933	\$ 28,971	\$48,124
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 3,349	\$ 2,084	\$ 2,513
Income taxes	35,664	39,642	37,945

See notes to consolidated financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal year - The Company's fiscal year ends on the Friday nearest July 31st and each quarter consists of thirteen weeks. The Company's fiscal year ended August 2, 1996 consisted of 53 weeks and the fourth quarter of fiscal 1996 consisted of 14 weeks.

Principles of consolidation - The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All significant intercompany transactions and balances have been eliminated.

Cash and cash equivalents - The Company's policy is to consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist primarily of auction preferred stocks and commercial paper. The carrying value of these instruments approximates market value due to their very short maturities.

Short-term investments - Short-term investments, primarily consisting of federal government agency securities and commercial paper which the Company intends to hold to maturity, are stated at amortized cost in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities". (See Note 3.)

Inventories - Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

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

Years

Buildings and improvements	20-45
Buildings under capital leases	20-25
Restaurant and other equipment	5-10
Leasehold improvements	3-35

Accelerated depreciation methods are generally used for income tax purposes.

Interest is capitalized in accordance with SFAS No. 34, "Capitalization of Interest Costs". Capitalized interest was \$2,093, \$2,010 and \$2,072 for fiscal years 1997, 1996 and 1995, respectively.

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

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

Advertising - The Company generally expenses the costs of producing and communicating advertising the first time the advertising takes place. Net advertising expense was \$25,178, \$20,404 and \$16,198 for the fiscal years 1997, 1996 and 1995, respectively.

Income taxes - The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Targeted jobs tax credits and employer tax credits for FICA taxes paid on tip income are accounted for by the flow-through method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. (See Note 7.)

Earnings per share - The computation of earnings per share is based on the weighted average number of outstanding common shares and equivalents (stock options) adjusted for stock splits. The weighted average number of outstanding common shares and equivalents was 61,446,185, 60,813,172 and 60,556,977 for 1997, 1996 and 1995, respectively.

Long-term investments - Long-term investments, primarily consisting of federal government agency securities and commercial paper which the Company intends to hold to maturity, are stated at amortized cost in accordance with SFAS No. 115. (See Note 3.)

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

Start-up costs - Start-up costs of a new store are expensed in the month in which the store opens.

Store closing costs - Upon the decision to close a store, estimated unrecoverable costs are charged to expenses. Such costs include buildings and improvements, leasehold improvements and restaurant and other equipment, net of salvage value, and a provision for the present value of future lease obligations, less estimated sub-rental income. The Company recognized \$14,199 in pretax costs for the closings of the Appleton, WI, the Fond du Lac, WI and the Eagan, MN stores, the closings of the three Corner Market stores in the middle Tennessee area and replacing the Company's point-of-sale system in the fourth quarter of fiscal 1996. These costs represent a one-time charge of \$8,806 net of taxes, or \$.15 per share.

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

Recent accounting pronouncements not yet adopted - In February 1997, SFAS No. 128, "Earnings per Share", was issued. SFAS No. 128 specifies the computation, presentation and disclosure requirements for earnings per share. This statement is effective for both interim and annual periods ending after December 15, 1997, with restatement of all prior periods shown. Earlier application is not permitted. The effective date of SFAS No. 128 for the Company is for the quarter and six-month period ending January 30, 1998. The Company estimates that SFAS No. 128 will have no material effect on the Company's consolidated financial statements upon adoption. In June 1997, SFAS No. 130, "Reporting Comprehensive Income", was issued. SFAS No. 130 specifies how to report and display comprehensive income and its components. This statement is effective for fiscal years beginning after December 15, 1997, with restatement of all prior periods shown. The Company will adopt SFAS No. 130 in the first quarter of fiscal 1999. The Company is currently evaluating the effect that SFAS No. 130 will have on the Company's consolidated financial statements upon adoption. In June 1997, SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", was issued. SFAS No. 131 requires the disclosure of certain information about operating segments in the financial statements. This statement is effective for fiscal years beginning after December 15, 1997, with restatement of all prior periods shown if not impracticable to do so. The Company will adopt SFAS No. 131 in the first quarter of fiscal 1999. The Company is currently evaluating the effect that SFAS No. 131 will have on the Company's consolidated financial statements upon adoption. The Company does not expect the adoption of SFAS Nos. 128, 130 or 131 to have a material effect on the Company's consolidated financial statements.

2. INVENTORIES

Inventories were composed of the following at:

	August 1, 1997	August 2, 1996
Retail	\$58,199	\$50,474
Restaurant	11,214	9,472
Supplies	3,856	1,524
Total	\$73,269	\$61,470

3. SHORT-TERM AND LONG-TERM INVESTMENTS

The amortized costs and fair values of held-to-maturity securities at August 1, 1997 were as follows:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and U.S. Government Agencies	\$ 501	--	--	\$ 501
Corporate debt securities	603	\$ 5	--	608
Other securities	562	128	--	690
Short-term investments	\$1,666	\$133	--	\$1,799

The amortized costs and fair values of held-to-maturity securities at August 2, 1996 were as follows:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and U.S. Government Agencies	\$2,544	--	\$ 9	\$2,535
Corporate debt securities	499	--	3	496
Other securities	2,257	\$1	--	2,258
Short-term and long-term investments	\$5,300	\$1	\$12	\$5,289

The following table shows the maturity distribution of the Company's investment securities at August 1, 1997:

Maturity (Fiscal Year)	Amortized Cost	Fair Value
1998	\$1,666	\$1,799
Short-term investments	\$1,666	\$1,799

4. DEBT

Long-term debt consisted of the following at:

	August 1, 1997	August 2, 1996
6.36% Term Loan payable on or before December 1, 2001	\$50,000	--
9.53% Senior Notes Payable in annual installments of varying amounts from January 15, 1994 to January 15, 2002, with a final installment of \$2,000 due January 15, 2003	15,500	\$19,500
Less current maturities	3,500	4,000
Long-term debt	\$62,000	\$15,500

The financial covenants related to the 6.36% Term Loan require that the Company maintain an interest coverage ratio of 3.0 to 1.0 and a lease adjusted funded debt to total capitalization ratio not to exceed 0.4 to 1.0.

The note agreements relating to the 9.53% Senior Notes placed in January, 1991 in the original amount of \$30,000 include, among other

provisions, requirements that the Company maintain minimum tangible net worth of \$70,000. The agreements also contain certain other restrictions related to the payment of cash dividends and the purchase of treasury stock. Retained earnings not restricted under the provisions of the agreements were approximately \$382,175 at August 1, 1997.

Based on discounted cash flows of future payment streams, assuming rates equivalent to the Company's incremental borrowing rate on similar liabilities, the fair value of the 6.36% Term Loan and the 9.53% Senior Notes approximates carrying value as of August 1, 1997.

The Company has a revolving credit facility with a maximum principal amount of \$75,000. No amounts were outstanding under the revolving credit facility at August 1, 1997.

At August 1, 1997 and August 2, 1996, the Company was in compliance with all covenants.

The aggregate maturities of long-term debt subsequent to August 1, 1997 are as follows:

Fiscal year

1998	\$ 3,500
1999	2,500
2000	2,500
2001	3,000
2002	52,000
Later years	2,000
Total	\$65,500

5. COMMON STOCK

The Board of Directors granted certain executive officers hired in fiscal 1996 a total of 37,000 restricted shares which vest over five years. The Company's compensation expense for these restricted shares was \$150 and \$144 in fiscal 1997 and 1996, respectively. The weighted average fair value of the restricted shares granted during fiscal 1996 was \$20.27 per share.

6. STOCK OPTION PLANS

During fiscal 1997, the Company amended and restated the 1987 Option Plan and retitled it as the Amended and Restated Stock Option Plan ("the New Plan"), to allow flexibility to extend the duration of certain options under the New Plan, to modify the option terms of certain retired, terminated, disabled or deceased optionees, to make only non-qualified options available for grant under the New Plan and to allow for the possibility of transferability and assignability of options under the New Plan. With the exception of the aforementioned items, the New Plan is substantially the same as the 1987 Plan.

The New Plan, like the 1987 Plan and the 1982 Plan, is administered by the Stock Option Committee (the "Committee"). Members of the Committee are appointed by the Board and consist of members of the Board. The Committee is authorized to determine, at time periods within its discretion and subject to the direction of the Board, which key employees shall be granted options, the number of shares covered by the options granted to each, and within applicable limits, the terms and provisions relating to the exercise of such options.

The Committee is currently authorized to grant options to purchase an aggregate of 14,025,702 shares of the Company's common stock under all employee stock option plans. The option price per share under the New Plan must be at least 100% of the fair market value of a share of the Company's common stock based on the closing price on the day next preceding the day the option is granted. Options are generally exercisable each year on a cumulative basis at a rate of 33% of the total number of shares covered by the option beginning one year from the date of grant, expire ten years from the date of grant and are non-transferrable. At August 1, 1997, there were 3,382,389 shares of unissued common stock reserved for issuance under the New Plan.

In fiscal 1989, the Board of Directors adopted the 1989 Non-employee Plan ("Directors Plan") for non-employee directors. The stock options were granted with an exercise price equal to the fair market value of the Company's common stock as of the date of grant and expire one year from the retirement of the director from the board. An aggregate of 1,518,750 shares of the Company's common stock is authorized to be issued under this plan. Due to the overall plan limit, no shares have been granted under this plan since fiscal 1994.

Stock Options: A summary of the status of the Company's stock option plans for fiscal 1997, 1996 and 1995, and changes during those years is presented below:

(Shares in thousands)	1997		1996		1995	
	Shares	Weighted-Average Price	Shares	Weighted-Average Price	Shares	Weighted-Average Price
Fixed Options						
Outstanding, beginning of year	5,342	\$21.34	4,831	\$20.63	4,041	\$19.48
Granted	1,297	22.80	1,449	19.35	1,133	25.21
Exercised	(464)	16.14	(602)	8.49	(91)	11.43
Forfeited or canceled	(528)	23.51	(336)	25.61	(252)	25.98
Outstanding, end of year	5,647	21.90	5,342	21.34	4,831	20.63
Options exercisable at year-end	3,751	22.13	3,749	21.81	4,067	19.75
Weighted-average fair value per share of options granted during the year		\$13.52		\$11.18		

The following table summarizes information about fixed stock options outstanding at August 1, 1997:

(Shares in thousands)	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding at 8/1/97	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 8/1/97	Weighted-Average Exercise Price	
\$ 3.33-10.00	374	2.54	\$ 6.20	374	\$ 6.20	
10.01-20.00	1,488	6.92	18.19	848	17.53	
20.01-29.50	3,785	7.18	24.91	2,529	26.03	
\$ 3.33-29.50	5,647	6.81	21.90	3,751	22.13	

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

	1997	1996
Net income:		
As reported	\$86,598	\$63,515
Pro forma	76,767	61,001
Net earnings per share:		
As reported	1.41	1.04
Pro forma	1.25	1.00

The pro forma effect on net income for 1997 and 1996 is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to 1995.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in fiscal 1997 and 1996: dividend yield of .1% for all years; expected volatility of 35 and 36 percent, respectively; risk-free interest rate ranges of 6.3% to 6.7% and 5.3% to 6.3%, respectively; and expected lives of six years.

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

7. INCOME TAXES

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

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

	August 1, 1997	August 2, 1996
Deferred tax assets:		
Financial accruals without economic performance	\$ 6,328	\$ 6,304
Other	2,727	2,364
Deferred tax assets	9,055	8,668
Deferred tax liabilities:		
Excess tax depreciation over book	17,068	10,756
Other	10,563	983
Deferred tax liabilities	27,631	11,739
Net deferred tax liability	\$18,576	\$ 3,071

The Company provided no valuation allowance against deferred tax assets recorded as of August 1, 1997 and August 2, 1996, as the "more-likely-than-not" valuation method determined all deferred assets to be fully realizable in future taxable periods.

The components of the provision for income taxes for each of the three fiscal years were as follows:

	1997	1996	1995
Current:			
Federal	\$30,398	\$34,965	\$31,284
State	4,956	5,878	7,588
Deferred	15,505	(1,978)	418
Total income tax provision	\$50,859	\$38,865	\$39,290

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

	1997	1996	1995
Provision computed at federal statutory income tax rate	\$48,110	\$35,833	\$36,867
State and local income taxes, net of federal benefit	3,753	4,126	4,199
Jobs credit	(195)	(33)	(787)
Employer tax credits for FICA taxes paid on tip income	(1,403)	(1,328)	(1,194)
Other-net	594	267	205
Total income tax provision	\$50,859	\$38,865	\$39,290

8. SEGMENT INFORMATION

The Company operates stores which provide a combination of restaurant and retail services to the motoring public. The Company considers this combination of services to be one industry segment.

9. COMMITMENTS AND CONTINGENCIES

The Company has been involved in various legal matters during fiscal 1997 which are being defended and handled in the ordinary course of business. While the ultimate results of such matters cannot be determined or predicted, management does not believe that they will have a material adverse effect on the Company's results of operations or financial position.

The Company operates seventeen stores from leased facilities and also leases certain land and advertising billboards. These leases have been classified as either capital or operating leases in accordance with the criteria contained in SFAS No. 13, "Accounting for Leases". The interest rates for capital leases vary from 10% to 17%. Amortization of capital leases is included with depreciation expense. A majority of the Company's lease agreements provide for renewal options and some of these options contain escalation clauses. Certain store leases provide for contingent lease payments based upon sales volume in excess of specified minimum levels.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of August 1, 1997:

Fiscal year

1998	\$ 368
1999	371
2000	371
2001	321
2002	214
Later years	693
Total minimum lease payments	2,338
Less amount representing interest	870
Present value of minimum lease payments	1,468
Less current portion	166
Long-term portion of capital lease obligations	\$1,302

The following is a schedule by years of the future minimum rental payments required under noncancelable operating leases as of August 1, 1997:

Fiscal year

1998	\$12,890
1999	7,489
2000	2,988
2001	971
2002	1,307
Later years	5,184
Total	\$30,829

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

	Minimum	Contingent	Total
1997	\$14,163	\$787	\$14,950
1996	12,134	764	12,898
1995	9,717	685	10,402

10. EMPLOYEE SAVINGS PLAN

The Company has an employee savings plan, which provides for retirement benefits for eligible employees. The plan is funded by elective employee contributions up to 16% of their compensation and the Company matches 25% of employee contributions for each participant up to 6% of the employee's compensation. The Company contributed \$1,188, \$864 and \$714 for fiscal 1997, 1996 and 1995, respectively.

11. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for fiscal 1997 and 1996 are summarized as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1997				
Net sales	\$258,902	\$267,854	\$275,062	\$322,033
Gross profit on sales	169,587	170,282	182,615	213,664
Income before income taxes	30,403	25,459	32,672	48,923
Net income	18,850	15,988	20,518	31,242
Net earnings per share	.31	.26	.33	.51
1996				
Net sales	\$221,011	\$219,484	\$220,579	\$282,213
Gross profit on sales	147,404	138,855	146,566	185,557
Income before income taxes*	27,086	20,217	26,212	28,865
Net income*	16,794	12,535	16,251	17,935
Net earnings per share*	.28	.21	.27	.29

*Fiscal 1996 included \$14,199 in pre-tax costs (\$8,806 after tax or \$.15 per share) related to a one-time charge for store closings and other write-offs. (See Note 1).

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
Cracker Barrel Old Country Store, Inc.:

We have audited the accompanying consolidated balance sheet of Cracker Barrel Old Country Store, Inc. and subsidiaries (the "Company") as of August 1, 1997 and August 2, 1996, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three fiscal years in the period ended August 1, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the companies at August 1, 1997 and August 2, 1996, and the results of their operations and their cash flows for each of the three fiscal years in the period ended August 1, 1997 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Nashville, Tennessee
September 10, 1997

Subsidiaries of the Registrant

The following is a list of the significant subsidiaries of the Registrant as of August 1, 1997, all of which are wholly-owned:

<u>Parent</u>	<u>State of Incorporation</u>
Cracker Barrel Old Country Store, Inc.	Tennessee

Subsidiaries

CBOCS Distribution, Inc.	Tennessee
CBOCS Limited Partnership	Michigan
CBOCS Michigan, Inc.	Michigan
CBOCS West, Inc.	Nevada
Rocking Chair, Inc.	Nevada

CRACKER BARREL OLD COUNTRY STORE, INC.
305 Hartmann Drive
Lebanon, Tennessee 37087

Notice of Annual Meeting of Shareholders
to be held on Tuesday, November 25, 1997

Notice is hereby given that the Annual Meeting of Shareholders of Cracker Barrel Old Country Store, Inc. (the "Company") will be held at the offices of the Company located on Hartmann Drive, Lebanon, Tennessee, on Tuesday, November 25, 1997 at 10:00 a.m., local time, for the following purposes:

- (1) to elect 13 directors to serve until the next Annual Meeting and until their successors are duly elected and qualified;
- (2) to consider and vote upon the adoption of a proposed amendment to the Cracker Barrel Old Country Store, Inc. Amended and Restated Stock Option Plan to increase the number of shares of Company Common Stock available under the Plan from 14,025,702 to 17,525,702;
- (3) to approve the selection of Deloitte & Touche LLP as the Company's independent auditors for the 1998 fiscal year;
- (4) to consider and take action on a shareholder proposal requesting that the Compensation and Stock Option Committees link executive compensation to social policy goals; and
- (5) to transact such other business as may properly be brought before the meeting or any adjournment of the meeting.

The Board of Directors has fixed the close of business on September 29, 1997 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting.

Your attention is directed to the Proxy Statement accompanying this notice for a more complete statement regarding matters to be acted upon at the Annual Meeting.

By Order of the Board of Directors

James F. Blackstock, Secretary

Lebanon, Tennessee
October 24, 1997

YOUR REPRESENTATION AT THE MEETING IS IMPORTANT. TO ENSURE YOUR REPRESENTATION, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD. SHOULD YOU DESIRE TO REVOKE YOUR PROXY, YOU MAY DO SO AS PROVIDED IN THE ACCOMPANYING PROXY STATEMENT, AT ANY TIME BEFORE IT IS VOTED.

CRACKER BARREL OLD COUNTRY STORE, INC.
305 Hartmann Drive
Lebanon, Tennessee 37087

PROXY STATEMENT

The accompanying proxy is solicited by, and on behalf of, the Board of Directors of Cracker Barrel Old Country Store, Inc. (the "Company") for use at the Annual Meeting of Shareholders to be held on November 25, 1997, and any adjournment of that meeting. Notice of the Annual Meeting is attached to this Proxy Statement.

This Proxy Statement, and the Annual Report of the Company for the fiscal year ended August 1, 1997, have been mailed on or about October 24, 1997, to all shareholders of record on September 29, 1997.

The purpose of the Annual Meeting is to elect 13 directors, to adopt an amendment to the Cracker Barrel Old Country Store, Inc. Amended and Restated Stock Option Plan to increase the number of shares authorized under the Plan, to approve the selection of Deloitte & Touche LLP as the Company's independent auditors for the next fiscal year, and to vote on a shareholder proposal requesting that the Compensation and Stock Option Committees link executive compensation to social policy goals.

A shareholder of record who signs and returns a proxy in the accompanying form may revoke the proxy at any time before the designated proxy holder votes, by attending the Annual Meeting and electing to vote in person, by filing with the Secretary of the Company a written revocation or by duly executing a written proxy bearing a later date. Unless duly revoked, the shares represented by the proxy will be voted at the Annual Meeting. Where a choice is specified on the proxy, the represented shares will be voted in accordance with the specifications. If no specification is made, proxy shares will be voted FOR the election of all director nominees, FOR the adoption of the amendment to the Amended and Restated Stock Option Plan, FOR the approval of Deloitte & Touche LLP as the Company's independent auditors for the 1998 fiscal year, and AGAINST the shareholder proposal.

Directors shall be elected by a plurality of the votes cast in the election by the holders of Company Common Stock represented and entitled to vote at the Annual Meeting, if a quorum is present. Assuming the existence of a quorum, every other proposal submitted to the shareholders shall be approved if the votes cast favoring the proposal exceed the votes cast opposing it. Abstentions will be counted as present for purposes of determining the existence of a quorum and for determining the total number of votes cast. Abstentions are disregarded in determining if a director receives a plurality of the votes cast or whether votes cast for a proposal exceed votes cast against it. Broker non-votes are disregarded for the purpose of determining the total number of votes cast with respect to a proposal.

The Board of Directors knows of no other matters which are to be brought to a vote at the Annual Meeting. However, if any other matters properly come before the meeting, the persons appointed in the proxy or their substitutes will vote in accordance with their best judgment on those matters.

The Board of Directors has fixed the close of business on September 29, 1997 as the record date for the Annual Meeting. The Company's only class of securities is its Common Stock, with a par value of \$0.50 per share. On September 29, 1997, the Company had outstanding 61,395,068 shares of Common Stock. Only shareholders of record at the close of business on that date will be entitled to vote at the Annual Meeting. For each share held, those shareholders will be entitled to one vote which may be given in person or by proxy authorized in writing.

The cost of solicitation of proxies will be borne by the Company, including expenses in connection with preparing, assembling and mailing this Proxy Statement. The solicitation will be made by mail, and may also be made by the Company's officers or employees personally or by telephone or telegram. No officers or employees of the Company will receive additional compensation for soliciting proxies. The Company may reimburse brokers, custodians and nominees for their expenses in sending proxies and proxy material to beneficial owners. The Company retains Corporate Communications, Inc., 523 Third Avenue South, Nashville, Tennessee to assist in the management of the Company's investor relations and other shareholder communications issues. As part of its duties, Corporate Communications, Inc. may assist in the solicitation of proxies. Corporate Communications, Inc. receives a fee of approximately \$2,000 per month, plus reimbursement of out-of-pocket expenses. See "Other Transactions and Relationships" later in this document.

As it has done previously, the Company will continue to employ an independent tabulator to receive and tabulate the proxies, and independent inspectors of election to certify the results. The Company will also continue its practice of holding the votes of all shareholders in confidence from Company directors, officers and employees, except (i) to allow the independent inspectors of election to certify the results of the vote, (ii) as necessary to meet applicable legal requirements and to assert or defend claims for or against the Company, (iii) in case of a contested proxy solicitation, or (iv) when a shareholder makes a written comment on the proxy card or otherwise communicates his or her vote to management.

PROPOSAL 1. ELECTION OF DIRECTORS

The Company Bylaws provide that the Board of Directors shall consist of not more than 15 persons. The Board of Directors has established Board size at 13 directors. Proxies cannot be voted for more than 13 persons. The terms of all present directors will expire upon the election of new directors at the Annual Meeting. The Board of Directors proposes the election of the nominees listed below to serve until the next Annual Meeting and until their successors are duly elected and qualified. All of the nominees are presently directors of the Company and were elected at the Annual Meeting held on November 26, 1996. Unless contrary written instructions are received, it is intended that the shares represented by proxies solicited by the Board of Directors will be voted in favor of the election of all named nominees as directors. If for any reason any nominee is unable to serve, the persons named in the proxy have advised that they will vote for a substitute nominee as proposed by the Company Board of Directors. Each nominee has consented to act as a director, if elected, and the Board of Directors has no reason to expect that any nominee will fail to be a candidate at the meeting. Therefore, it does not at this time have any substitute nominees under consideration. The information relating to the 13 nominees set forth below has been furnished to the Company by the named individuals.

Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at the Annual Meeting. The Board of Directors recommends that shareholders vote "FOR" the nominees listed below. Proxies, unless they contain contrary written instructions, will be voted "FOR" the listed nominees.

Name, Age, Position with the Company	First Became a Director	Business Experience During the Past Five Years
James C. Bradshaw, 66 Director	1970	Practicing physician, Lebanon, Tennessee
Robert V. Dale, 61 Director	1986	President of Windy Hill Pet Food Company, Nashville, Tennessee since March 1995; Partner in PFB Partnership, Nashville, Tennessee from August 1994 to March 1995; President of Martha White Foods, Inc., Nashville, Tennessee from October 1985 to August 1994
Dan W. Evins, 62 Director, Chairman and Chief Executive Officer (1)	1970	Chairman and Chief Executive Officer of the Company; President of the Company until August 1995; Member of Board of Directors of Clayton Homes, Inc.
Edgar W. Evins, 65 Director (1)	1970	Retired in June 1987; President, DeKalb County Bank and Trust Company, Alexandria, Tennessee from 1958 until June 1987

William D. Heydel, 68 Director	1970	Retired in 1987; for the previous five years, Tennessee manager of American Family Life Assurance Company, Nashville, Tennessee
Robert C. Hilton, 60 Director	1981	Chairman, President and CEO of Home Technology Healthcare, Inc., Nashville, Tennessee since October 1991
Charles E. Jones, Jr., 52 Director	1981	President, Corporate Communications, Inc., a financial public relations firm, Nashville, Tennessee
Charles T. Lowe, Jr., 65 Director	1970	Retired in 1993; previously President of Travel World, Inc., a travel agency, Lebanon, Tennessee
B. F. Lowery, 60 Director	1971	Attorney; President and Chairman, LoJac Companies, asphalt paving, highway construction and building materials supplier and contractor, Lebanon, Tennessee
Ronald N. Magruder, 50 Director, President and Chief Operating Officer	1995	President and Chief Operating Officer of the Company since August 1995; Vice-Chairman of Darden Restaurants from December 1994 to August 1995; Executive Vice President, General Mills Restaurants and President of Olive Garden from 1987 to 1994
Gordon L. Miller, 63 Director	1974	Dentist, Lebanon, Tennessee
Martha M. Mitchell, 57 Director	1993	Senior Vice President (since January 1987) and Partner (since January 1993) of Fleishman-Hillard, a public relations firm, St. Louis, Missouri
Jimmie D. White, 56 Director	1993	Retired on December 11, 1995; Senior Vice President - Finance and Chief Financial Officer of the Company from 1985 to 1995

(1) Dan W. Evins and Edgar W. Evins are brothers.

Committees and Meetings

During the fiscal year ended August 1, 1997, the Board of Directors held five meetings. No incumbent director attended fewer than 75% of the Board meetings in fiscal 1997.

The Executive Committee is currently composed of Robert V. Dale, Dan W. Evins, Charles E. Jones, Jr., B. F. Lowery, Ronald N. Magruder, Charles T. Lowe, Jr. and Martha M. Mitchell. The Executive Committee has all the duties and powers of the Board of Directors, subject to the general direction, approval and control of the Board. The Executive Committee met six times in fiscal year 1997.

The Stock Option Committee is currently composed of Robert C. Hilton, James C. Bradshaw and William D. Heydel. This committee, which met once during the fiscal year ended August 1, 1997, is responsible for the administration of the Company's Incentive Stock Option Plan of 1982, its 1987 Stock Option Plan and its Amended and Restated Stock Option Plan.

The Audit Committee is currently composed of Robert C. Hilton, James C. Bradshaw, Robert V. Dale and Gordon L. Miller. This committee, which met three times during the fiscal year ended August 1, 1997, reviews the Company's internal accounting controls and systems, the results of the Company's annual audit and the Company's accounting policies and any change in those policies.

The Compensation Committee is currently composed of Robert V. Dale, Edgar W. Evins, William D. Heydel and Robert C. Hilton. This committee, which met once during the fiscal year ended August 1, 1997, reviews and recommends to the Board of Directors the salaries, bonuses and other cash compensation of the executive officers of the Company.

The Nominating Committee is currently composed of Robert V. Dale, B.F. Lowery, Charles E. Jones, Jr., Martha M. Mitchell, Dan W. Evins, Edgar W. Evins, and Robert C. Hilton. The Nominating Committee reviews director nominees and makes recommendations to the Board of Directors prior to each Annual Meeting of shareholders. The Nominating Committee will consider nominees recommended in writing by shareholders who submit director nominations to the Company prior to the deadline for shareholder proposals as further described under "Proposals of Shareholders" later in this document.

The Company pays to each of its outside directors an annual retainer of \$20,000 plus \$1,000 as a director's fee for each Board meeting attended. Outside directors who are members of the Executive Committee, Audit Committee, Compensation Committee and Stock Option Committee receive a fee of \$1,000 for each committee meeting attended. The chairperson of these committees receives an additional fee of \$200 for each committee meeting attended. All outside directors are reimbursed by the Company for out-of-pocket expenses incurred in connection with attendance at meetings. No director's fees are paid to directors who are also employees of the Company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following information pertains to Company Common Stock beneficially owned, directly or indirectly, by 5% or greater shareholders as reported to the Company by NASD.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (Common Stock)
Montag & Caldwell Inc. 3343 Peachtree Rd. N.E. Atlanta, GA 30326	4,985,000	8.1%

Security Ownership of Management

The following information pertains to Company Common Stock beneficially owned, directly or indirectly, by all directors and nominees and by all directors and officers as a group, as of September 29, 1997. Unless otherwise noted, the named persons may be contacted at the Company's executive offices and they have sole voting and investment power with respect to the shares indicated.

Names of Beneficial Owners	Amount and Nature of Beneficial Ownership (1)	Percent Of Class (Common Stock)
James C. Bradshaw	545,719 (2)	*
Robert V. Dale	104,728	*
Dan W. Evins	696,666	1.1%
Edgar W. Evins	69,157 (3)	*
William D. Heydel	543,327 (2)	*
Robert C. Hilton	99,299	*
Charles E. Jones, Jr.	102,761	*
Charles T. Lowe, Jr.	914,025 (4)	1.5%
B. F. Lowery	240,125	*
Ronald N. Magruder	344,134	*
Gordon L. Miller	167,167	*
Martha M. Mitchell	41,872	*
Jimmie D. White	30,290	*
All Officers and Directors as a group (39 persons)	4,686,333	7.1%

*Less than one percent

- (1) Includes the following number of shares subject to options exercisable by the named holders within 60 days:

James C. Bradshaw	142,670	Charles T. Lowe, Jr.	66,734
Robert V. Dale	92,046	B. F. Lowery	142,670
Dan W. Evins	256,666	Ronald N. Magruder	273,334
Edgar W. Evins	66,734	Gordon L. Miller	66,734
William D. Heydel	142,670	Martha M. Mitchell	41,422
Robert C. Hilton	92,046	Jimmie D. White	-
Charles E. Jones, Jr.	92,046		

All Officers and Directors as a group 2,104,681

The shares described in this note are deemed to be outstanding for the purpose of computing the percentage of outstanding Common Stock owned by each named individual and by the group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

- (2) Includes shares owned jointly with spouse, with whom voting and investment power is shared: Dr. Bradshaw 403,049 and Mr. Heydel 400,657.
- (3) Includes 223 shares owned by Mr. Evins' wife in her SEP, for which voting and investment power is shared.
- (4) Voting and investment power with respect to 43,491 shares is shared by Mr. Lowe and his wife, the owner of these shares.

REPORT OF THE COMPENSATION COMMITTEE AND THE
STOCK OPTION COMMITTEE OF THE BOARD OF DIRECTORS
ON EXECUTIVE COMPENSATION

The Company's compensation policies for its executive officers are administered by two committees of the Board of Directors - the Compensation Committee and the Stock Option Committee. All members of these committees are outside, non-employee directors.

The primary components of executive compensation are base salary, bonus and longer-term incentives such as stock options. The Compensation Committee recommends to the Board of Directors the salaries and bonus plan for the executive officers. The Stock Option Committee administers the stock option plans pursuant to which all employee stock options are granted.

Base Salary

In setting the fiscal 1997 base salary for each executive officer, the Compensation Committee reviewed the then-current salary for each of the officers in relation to average salaries within the industry for comparable

areas of responsibility as presented in a report prepared for the Company by independent executive compensation consultants. In addition, the Compensation Committee considered the contribution made by each executive officer during fiscal 1996, as reported by the Chief Executive Officer, as well as salary recommendations from management for the executive officers other than the Chairman and Chief Executive Officer, Dan W. Evins. The Compensation Committee employed procedures similar to those used for each of the other executive officers to determine the fiscal 1997 salary for Dan W. Evins.

Bonus

The Compensation Committee has determined that the financial performance of the Company should be a significant factor in rewarding its executive officers. Therefore, in July of each year, the Compensation Committee reviews the expected financial performance of the Company for the concluding fiscal year and considers the internal budget established for the next fiscal year in setting certain financial goals and criteria for executive officer bonuses.

In fiscal 1997, the Company operated pursuant to a Management Incentive Plan affecting executive officers and senior managers. The purpose of the Management Incentive Plan is to link individual job performance and resulting compensation to the financial performance of the Company. This ensures that all participants achieve individual goals while remaining focused on the Company's overall financial results. The Plan is also designed to ensure that participants' financial interests remain directly tied to those of Cracker Barrel's shareholders. A participant's target bonus percentage varies based on salary grade level.

Generally, bonus awards are calculated based on the following factors: (i) Company financial results compared to the Company's business plan, (ii) individual performance against his or her stated goals, (iii) the individual's fiscal year base salary amount, and (iv) the individual's target bonus percentage. Maximum bonus percentages available to executive officers range from 75% to 225% of base salary (225% for Mr. Evins, 180% for Mr. Magruder, and Mr. Woodhouse, 135% for Mr. Adkins and Mr. Parsons, 105% for all other senior officers, and from 75% to 105% for all other executive officers.) Bonuses earned for fiscal 1997, as a percent of total salary and bonuses, were 146% for Mr. Evins, 117% for Mr. Magruder, 117% for Mr. Woodhouse, 91% for Mr. Adkins, and 90% for Mr. Parsons.

Stock Options

In contrast to salary and bonus awards, which are generally for past work performance, stock options are based on future performance which contributes to stock price appreciation. They are granted at an exercise price which is equal to the closing market price of the Company's Common Stock on the day before the date of grant, and therefore have no value until the stock trading price increases.

The Stock Option Committee has generally granted nonqualified stock options annually. In recent years, the Committee has extended option grants down into the organization as far as the top hourly level positions in the stores. See "Stock Option Plans" later in this document.

Stock Performance Graph

The following graph sets forth the yearly percentage change in the cumulative total shareholder return on the Company's Common Stock during the preceding five fiscal years, ended August 1, 1997, compared with the Standard & Poor's 400 MidCap Index and a Total Return Index comprised of all NASDAQ companies with the same two-digit SIC (Standard Industrial Classification) code (58 - Eating and Drinking Places) as the Company.

	1992	1993	1994	1995	1996	1997
Cracker Barrel Old Country Store, Inc.	100	117	104	94	99	130
NASDAQ	100	117	106	119	115	105
S & P 400 MIDCAP	100	117	121	150	162	236

Summary Compensation Table

The following table sets forth information concerning the compensation of the Chief Executive Officer and the four other most highly compensated executive officers who served in such capacities as of August 1, 1997.

Name	Principal Position	Fiscal Year	Annual Compensation		Long Term Compensation		Restricted Stock Awards(1)	Other Annual Compensation(2)
			Salary(1)	Bonus	Securities Underlying Options Granted			
Dan W. Evins	Chairman of the Board and Chief Executive Officer	1997	\$385,000	\$545,613	40,000	-	\$ 31,439	
		1996	385,000	299,330	40,000	-	30,754	
		1995	385,000	661,495	40,000	-	28,541	
Ronald N. Magruder	President and Chief Operating Officer	1997	350,000	396,809	35,000	-	104,814	
		1996	344,697	217,694	285,000	\$656,000	1,740	
		1995	-	-	-	-	-	
Michael A. Woodhouse	Senior Vice President/ Finance and Chief Financial Officer	1997	231,000	261,894	25,000	-	95,762	
		1996	141,667	110,000	25,000	93,750	10,310	
		1995	-	-	-	-	-	
Michael D. Adkins	Senior Vice President/ Restaurant Operations	1997	165,000	158,776	20,000	-	6,096	
		1996	150,000	46,649	12,000	-	5,792	
		1995	125,000	85,908	12,000	-	5,606	
Richard G. Parsons	Senior Vice President/ Merchandising	1997	167,400	146,442	20,000	-	7,835	
		1996	155,000	48,204	12,000	-	7,522	
		1995	155,000	106,526	12,000	-	7,596	

(1) On August 7, 1995, the effective date of Mr. Magruder's employment with the Company, he received a restricted stock award of 32,000 shares worth \$656,000 based on the value of Company Common Stock on July 5, 1995. The shares vest at a rate of 20% per annum, and based on the value of Company Common Stock at the end of fiscal 1997, were worth \$926,000. On December 11, 1995, the effective date of Mr. Woodhouse's employment with the Company, he received a restricted stock award of 5,000 shares worth \$93,750 based on the value of Company Common Stock on December 8, 1995. These shares vest at a rate of 20% per annum, and based on the value of Company Common Stock at the end of fiscal 1997, were worth \$144,688. No dividends are paid on these restricted shares until the shares actually vest.

(2) Includes premiums paid on Life and Disability insurance for coverage above that available to all salaried employees of \$29,893 for Mr. Evins, \$1,740 for Mr. Magruder, \$18,117 for Mr. Woodhouse, \$4,418 for Mr. Adkins, and \$6,663 for Mr. Parsons; the Company's contributions to its 401(k) Employee Savings Plan for each named officer, and moving expenses paid or accrued by the Company in fiscal 1997 of \$100,157 for Mr. Magruder and \$77,645 for Mr. Woodhouse.

Options Granted During Fiscal Year Ended August 1, 1997

The following table sets forth all options to acquire shares of Company Common Stock granted to the named executive officers during the fiscal year ended August 1, 1997.

Name	Individual Grants (1)				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (2)	
	# Options Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price \$/Share	Expiration Date	5%	10%
Dan W. Evins	40,000	3.1%	\$22.75	08-29-06	\$572,294	\$1,450,306
Ronald N. Magruder	35,000	2.7%	22.75	08-29-06	500,757	1,269,017
Michael A. Woodhouse	25,000	1.9%	22.75	08-29-06	357,684	906,441
Michael D. Adkins	20,000	1.5%	22.75	08-29-06	286,147	725,153
Richard M. Parsons	20,000	1.5%	22.75	08-29-06	286,147	725,153

(1) The exercise price of the options granted is equal to the closing market price of the Company's Common Stock on the day before the date of grant. Options are exercisable as to not more than 1/3 of the total number of shares under the option during each 12-month period following one year from the date of grant for all options granted during the fiscal year ended August 1, 1997. To the extent any optionee does not exercise an option as to all shares for which the option was exercisable during any 12-month period, the balance of the unexercised options shall accumulate and the option with respect to those shares will be exercisable at any later time before expiration. Options expire 10 years from the date of the grant.

(2) The potential realizable values illustrate values that might be realized upon exercise immediately prior to the expiration of the term of these options using 5% and 10% appreciation rates, as required by the Securities and Exchange Commission, compounded annually. These values do not, and are not intended to, forecast possible future appreciation, if any, of the Company's stock price. Additionally, these values do not take into consideration the provisions of the options providing for vesting over a period of years or termination of options following termination of employment.

Option Exercises and Fiscal Year End Values

The following table sets forth all stock options exercised during the fiscal year ended August 1, 1997 by the named executive officers and the number and value of unexercised options held by these executive officers at fiscal year end.

	#Shares Acquired on Exercise	Value Realized(1)	Number of Unexercised Options at FY-End		Value of Unexercised In-The-Money Options at FY-End (2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Dan W. Evins	0	0	243,333	66,667	\$1,651,455	\$ 509,170
Ronald N. Magruder	0	0	178,334	141,666	1,499,901	1,138,224
Michael A. Woodhouse	0	0	8,333	41,667	84,892	324,483
Michael D. Adkins	0	0	41,125	28,000	230,742	202,250
Richard M. Parsons	12,000	\$327,362	176,780	28,000	2,903,076	202,250

(1) Value realized is calculated based on the difference between the option exercise price and the actual sales price of shares sold, and the market value of Company Common Stock on the date of exercise for 3,500 shares acquired upon exercise but not sold by Mr. Parsons.

(2) The last trade of the Company's Common Stock as reported by NASDAQ on August 1, 1997 was \$28.9375. That price was used in calculating the value of unexercised options.

Executive Employment Agreements

An employment agreement has been granted to Dan W. Evins (Chairman of the Board and Chief Executive Officer) which, upon the occurrence of certain events, authorizes a severance payment approximately equal to three times his annual salary in effect on the date of termination. Although not intended primarily as a standard employment contract, the agreement does provide for payment of a specified annual salary which shall not be decreased, and which may be increased from time to time. This agreement does not preclude Mr. Evins' from participating in any other Company benefit plans or arrangements. Under the agreement, Mr. Evins may terminate his employment and receive the three-year severance payment if there is a "change in control of the Company" (as defined in the agreement), accompanied by: (1) a decrease in his base salary or bonus percentage; or (2) a reduction in the importance of his job responsibilities; or (3) a geographical relocation without his consent. The three-year severance payment shall also be made to Mr. Evins if the Company breaches the terms of the agreement. The employment agreement also describes rights to compensation if Mr. Evins' employment is terminated or suspended due to death, disability, poor performance or wrongful activities.

Effective August 7, 1995, the Company employed Mr. Ron Magruder as its Chief Operating Officer. On the date he signed his offer of employment, July 5, 1995, he was awarded an option under the 1987 Stock Option Plan for 250,000 shares of Company Common Stock at the market closing price on the previous day. These options vest at a rate of 1/3 each year and expire 10 years from the date of grant. To remedy Mr. Magruder's loss of non-vested options in the stock of his former employer, the Company provided him 32,000 shares of restricted Common Stock which vests at 20% each year. If Mr. Magruder's employment is involuntarily terminated for performance rather than for cause, the Company will provide him a severance package consisting of one year's base salary and estimated bonus, as well as \$600,000. That amount decreases by 20% per year from the date of employment. Mr. Magruder was also provided with funds to pay for his relocation to Tennessee, which accrued in the amount of \$100,157 in fiscal 1997.

Effective December 11, 1995, the Company employed Mr. Michael Woodhouse as Senior Vice President of Finance and Chief Financial Officer. Mr. Woodhouse was granted an option under the 1987 Stock Option Plan for 25,000 shares of Company Common Stock on his start date, with the option vesting at a rate of 1/3 each year following one year from the grant date and expiring 10 years after the date of grant. To remedy Mr. Woodhouse's loss of non-vested options in the stock of his former employer, the Company granted him 5,000 shares of restricted Common Stock which vests at 20% per year. Mr. Woodhouse was also provided with funds to pay for his relocation to Tennessee, which accrued in the amount of \$77,645 in fiscal 1997.

Stock Option Plans

On February 25, 1982, the Company's Board of Directors adopted an incentive stock option plan, which was approved by the shareholders of the Company on November 23, 1982. The 1982 Plan authorized the Stock Option Committee to issue options to certain key employees for 2,475,095 shares of the Company's Common Stock, which were all granted prior to adoption of the 1987 Stock Option Plan and have been exercised. In 1986, Congress adopted the Tax Reform Act of 1986, and in response to the 1986 Code amendments, the Company's Board of Directors voted to discontinue the 1982 Plan and adopt in its place the 1987 Stock Option Plan. The shareholders adopted the 1987 Plan at the 1987 Annual Meeting of shareholders.

The 1987 Plan would have expired on June 25, 1997. The Company's Board of Directors proposed that the 1987 Plan be amended and that it be retitled the Cracker Barrel Old Country Store, Inc. Amended and Restated Stock Option Plan (the "Current Plan"). The Board of Directors approved the adoption of the Current Plan on August 29, 1996 and the Company's shareholders approved the Current Plan on November 26, 1996. The Current Plan makes only non-qualified options available for grant, allows for the possibility of transferability and assignability of options, and is designed to facilitate continued compliance with Section 16 of the Securities Exchange Act of 1934, particularly Rule 16b-3.

The Current Plan, like the 1987 Plan and the 1982 Plan, is administered by the Stock Option Committee. Members of that Committee are directors appointed by the Board. Options may be granted only to key executive personnel and other employees who hold responsible positions with the Company. The Stock Option Committee is authorized to determine, at time periods within its discretion and subject to the direction of the Board, which key employees shall be granted options, the number of shares covered by each option granted, and within applicable limits, the terms and conditions relating to the exercise of options. The Stock Option Committee may impose on the option, or its exercise, restrictions it deems reasonable and which are within the restrictions authorized by the Current Plan. The option price per share under the Current Plan must be at least 100% of the fair market value of a share of the Company's Common Stock at the close of business on the trading day immediately preceding the day the option is granted, and options must be exercised not later than 10 years after the grant date.

The Stock Option Committee is authorized to grant options to purchase an aggregate of 14,025,702 shares of Company Common Stock under the Current Plan. For information concerning the proposed increase in the number of shares available under the Current Plan, see: "Proposal 2. Increase Number of Shares of Common Stock Available Under Amended and Restated Stock Option Plan" later in this document. During fiscal 1997, the aggregate number of shares subject to options granted was 1,296,600, including 262,000 shares granted to the Company's executive officers as a group, which includes the individuals named in the Summary Compensation Table. These options were granted at prices ranging from \$21.875 to \$28.375 per share, pursuant to the Current Plan and are exercisable as to not more than 1/3 of the total number of shares granted during each 12-month period following one year from the date of the grant. To the extent, however, that any optionee does not exercise an option as to all shares for which the option was exercisable during any 12-month period, the balance of unexercised options shall accumulate and the option will be exercisable with respect to those shares until the option expires.

The aggregate number of shares exercised pursuant to all employee stock option plans during fiscal 1997 was 422,131, including 37,000 exercised by the Company's executive officers as a group. The net value of shares purchased (market value less option exercise price) or cash realized upon exercise of options was \$4,290,520 in the aggregate, including \$700,762 relating to options exercised by the Company's executive officers as a group.

In 1989, the directors and shareholders of the Company adopted the 1989 Stock Option Plan for Non-Employee Directors (the "1989 Plan"). The total number of shares of Company Common Stock issuable upon the exercise of all options granted under the 1989 Plan could not, in the aggregate, exceed 1,518,750 shares. Under the 1989 Plan, all non-employee directors of the Company automatically received an annual stock option grant for 25,312 shares of the Company's Common Stock. There are no shares now available to be granted under the 1989 Plan. 1989 Plan options became exercisable 6 months after the date of each grant. The stock options were granted at an exercise price equal to the fair market value of the underlying stock on the date of grant and expire one year from the date of a director's retirement from the Board. Mr. James H. Stewart, who retired from the Board of Directors on November 26, 1996, exercised options under the 1989 Plan on 41,422 shares of Common Stock in fiscal 1997. The net value from those exercised options (market value less option exercise price) was \$140,663.

Employee Savings Plans

401(k) Employee Savings Plan - On September 24, 1996, the Board of Directors adopted the Godwins, Boone & Dickenson Prototype Profit-Sharing and Employee Savings Plan and Trust (the "401(k) Plan") as an Employee Savings Plan which provides for retirement benefits for employees, and which is qualified under Section 401(k) of the Internal Revenue Code. Generally, all Company employees who have completed one year of service, who have worked in excess of 1,000 hours with the Company, and who have reached the age of 21, are eligible to participate. Eligible employees may elect to participate in the 401(k) Plan as of the beginning of each calendar month.

Eligible employees who choose to participate may elect to have up to 16% (not to exceed \$9,500 in calendar 1997) of their compensation contributed to the 401(k) Plan. The Company matches 25% of employee contributions for each participant, up to 6% of the employee's compensation. In addition to these limits, employee contributions and the Company match for highly compensated participants are limited by a special annual nondiscrimination test imposed under Section 401(k) of the Internal Revenue Code. This test uses the percentages of compensation contributed by, and matched for, rank and file participants to limit the contributions of, and Company match for, highly compensated participants.

Participants in the 401(k) Plan have a fully-vested interest in their contributions. A participant's interest in Company matching contributions begins to vest one year from the date of employment and continues to vest at the rate of 20% per year until fully vested. Generally participants may self-direct investments in one or more available mutual funds, but they may not withdraw either their contributions or their vested interest in Company matching contributions prior to retirement or termination of their employment with the Company. Limited hardship withdrawals are tightly controlled by the provisions of the 401(k) Plan and the Internal Revenue Code.

Deferred Compensation Plan - Effective January 1, 1994, the Company's Board of Directors adopted a Deferred Compensation Plan to provide retirement and incidental benefits for certain executive employees and outside directors of the Company. At the beginning of each calendar year, participants in this plan may make an election to defer a portion of their compensation. Interest is credited to each participant's account quarterly at a rate equal to the 10-year Treasury Bill rate in effect as of the beginning of the quarter, plus 1.5%. The total interest credited to all participants' accounts during fiscal 1997 was \$48,365.

Non-Qualified Savings Plan - On December 21, 1995, the Company's Board of Directors adopted a Non-Qualified Savings Plan (the "Savings Plan") which became effective January 1, 1996. The Savings Plan is intended primarily to encourage savings on the part of a small group of management and highly compensated Company employees, who typically receive refunds from the Company's 401(k) Plan due to the required annual nondiscrimination test imposed under Section 401(k) of the Internal Revenue Code. In the discretion of the Company's Compensation Committee, other Company employees may also participate in the Savings Plan. Fundamentally, the Savings Plan allows participants to annually defer from 1% to 50% of their salary and bonus. Employee contributions are placed in a Company trust and are invested in a selection of mutual funds. The Company may in its discretion match employee contributions for each participant, up to 6% of the employee's compensation. Employees are at all times fully vested in their savings

contributions, but only become vested in any Company match in increments of 20% per year. Currently, there is no Company matching contribution.

OTHER TRANSACTIONS AND RELATIONSHIPS

The Company leases its stores in Clarksville, Tennessee and Macon, Georgia from B. F. Lowery, a director of the Company. Under the terms of an August 1981 agreement, Mr. Lowery purchased the land, constructed the restaurant buildings and facilities to the Company's specifications and leased the stores to the Company for a 15-year term. The annual rent for the Macon store is the greater of (i) 12% of the total initial cost of the land, buildings and improvements, or (ii) 5% of the total restaurant sales plus 3% of the gift shop sales. The annual rent for the Clarksville store is the greater of (i) 12% of the total initial cost of the land, building and improvements, or (ii) 5% of the total restaurant sales plus 3% of the gift shop sales, if the total of those percentages exceeds \$65,000. Taxes, insurance and maintenance are paid by the Company. The Company has options to extend the Clarksville and Macon leases for up to 20 years. During the fiscal year ended August 1, 1997, the Company paid a total of \$373,801 in lease payments to Mr. Lowery. During the fiscal year ended August 1, 1997, the Company paid \$75,000 as a retainer to Mr. Lowery for corporate legal services. The Company also rented Mr. Lowery's personal jet for Company use throughout the year while the Company jet was undergoing maintenance or repairs. The cost for the aircraft rental was \$22,750.

The Company uses the services of Corporate Communications, Inc., a financial public relations firm in Nashville, Tennessee, of which Charles E. Jones, Jr., a director of the Company, is president and the major shareholder. During the past fiscal year, the Company paid \$24,000 to Corporate Communications, Inc. for services and \$423,924 for reimbursement of direct expenses including preparation, distribution and design of the Company's annual report, proxy materials, and quarterly reports.

The foregoing transactions were negotiated by the Company on an arms-length basis, and management believes that these transactions are fair and reasonable and on terms no less favorable than those which could be obtained from unaffiliated parties.

PROPOSAL 2. INCREASE NUMBER OF SHARES OF COMMON
STOCK AVAILABLE UNDER AMENDED AND RESTATED
STOCK OPTION PLAN

On September 25, 1997, the Board of Directors approved an amendment to the Cracker Barrel Old Country Store, Inc. Amended and Restated Stock Option Plan, increasing the number of shares authorized under that Plan from 14,025,702 to 17,525,702, subject to shareholder approval. Options under this Stock Option Plan may be granted to key executive personnel and to other employees holding responsible positions with the Company, which includes store-level management and the highest level of hourly employees in the stores. The proposed increase in the number of shares authorized is to ensure the existence and availability of sufficient shares for the granting of options under this Stock Option Plan in the future.

For adoption of this proposal, the votes cast favoring the proposal must exceed the votes cast opposing it. The Board of Directors recommends that shareholders vote "FOR" the proposal. Proxies, unless they contain contrary written instructions, will be voted "FOR" the proposal.

PROPOSAL 3. APPROVAL OF APPOINTMENT OF AUDITORS

The Board of Directors has selected and appointed Deloitte & Touche LLP as independent auditors of the Company for the 1998 fiscal year, subject to shareholder approval. Deloitte & Touche LLP have served as the Company's independent auditors since the fiscal year ended July 31, 1973. A representative of Deloitte & Touche LLP is expected to be present at the Annual Meeting with the opportunity to make a statement, if the representative desires, and to be available to respond to appropriate questions.

For adoption of this proposal, the votes cast favoring the proposal must exceed the votes cast opposing it. The Board of Directors recommends that shareholders vote "FOR" the proposal. Proxies, unless they contain contrary written instructions, will be voted "FOR" the proposal.

PROPOSAL 4. SHAREHOLDER PROPOSAL

Mercy Consolidated Asset Management Program, 20 Washington Square North, New York, NY, has stated that it is the beneficial owner of 2,000 shares of Company Common Stock, and the New York City Employees' Retirement System, Office of the Comptroller, 1 Centre Street, New York, NY 10007, has stated that it is the beneficial owner of 156,984 shares of Company Common Stock and they have each informed the Company that they intend to present the following proposal at the Annual Meeting:

WHEREAS, recruitment of employees from the widest possible talent pool available can help promote efficiency in corporate operations,

WHEREAS, hiring policies based on non-job related criteria can lead to less efficient operations, and

WHEREAS, lower efficiency in corporate operations can in turn lead to a loss in shareholder value,

RESOLVED, that shareholders hereby request that the Compensation and Stock Option committees in determining levels of executive compensation, consider corporate progress towards ensuring that management policies are designed to recruit workers from the broadest possible talent pool, without regard to race, color, creed, gender, age, or sexual orientation.

For adoption of this proposal, the votes cast favoring it must exceed the votes cast opposing it. The Board of Directors recommends a vote "AGAINST" this proposal for the reasons cited below. Proxies, unless they contain contrary written instructions, will be voted "AGAINST" the proposal.

The Company's Position

The Company's compensation policies for its executive officers are administered by two committees of the Board of Directors - the Compensation Committee and the Stock Option Committee. To help ensure impartiality, the members of these committees are outside, non-employee directors. A survey prepared by outside, independent executive compensation consultants, Alexander & Alexander, in fiscal 1997 is used to review the Company's executive salaries and bonuses in relation to those of other selected companies in the restaurant and food service industry. In addition, executive officers participate in the Company's Management Incentive Program which is designed to substantially tie individual compensation to actual Company financial performance. The Board of Directors believes that this process of setting executive compensation addresses overall job performance and serves to enhance company profitability and shareholder value. While an executive's ability to recruit the most capable workers, from whatever sector of society, is certainly an asset which may be considered in the compensation evaluation process, since the company hires from geographically and demographically distinct areas, since the Company already adheres to equal opportunity hiring policies, and since "progress" is impossible to measure unless some quantifiable but undefined numerical or similar goals were to be established, the Board does not feel that social issues should be specifically singled out for separate consideration within the context of the business judgment involved in setting executive compensation.

The Board of Directors for these reasons, recommends a vote "AGAINST" this shareholder proposal.

PROPOSALS OF SHAREHOLDERS

Shareholders intending to submit proposals for presentation at the Company's 1998 Annual Meeting of Shareholders, and for inclusion in the Proxy Statement and form of proxy for that meeting, should forward their proposals to the Corporate Secretary, Cracker Barrel Old Country Store, Inc., P.O. Box 787, Hartmann Drive, Lebanon, Tennessee 37088-0787. Shareholder proposals must be in writing, should be sent to the Company by certified mail, return receipt requested, and must be received by the Company prior to June 26, 1998.

ANNUAL REPORT AND FINANCIAL INFORMATION

A copy of the Company's Annual Report to Shareholders for fiscal year 1997 is being mailed to each shareholder with this Proxy Statement. A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K, AND A LIST OF ALL ITS EXHIBITS, WILL BE SUPPLIED WITHOUT CHARGE TO ANY SHAREHOLDER UPON WRITTEN REQUEST TO THE COMPANY AT ITS PRINCIPAL EXECUTIVE OFFICES: CRACKER BARREL OLD COUNTRY STORE, INC. ATTENTION: INVESTOR RELATIONS, PO BOX 787, LEBANON, TENNESSEE 37088-0787. EXHIBITS TO THE FORM 10-K ARE AVAILABLE FOR A REASONABLE FEE.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567 and 33-45482 of Cracker Barrel Old Country Store, Inc. on Form S-8 and Registration Statement No. 33-59582 on Form S-3 of our report dated September 10, 1997, incorporated by reference in the Annual Report on Form 10-K of Cracker Barrel Old Country Store, Inc. for the year ended August 1, 1997.

DELOITTE & TOUCHE LLP

Nashville, Tennessee
October 24, 1997

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF CRACKER BARREL OLD COUNTRY STORE, INC. AND SUBSIDIARIES FOR THE YEAR ENDED AUGUST 1, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS

1,000

YEAR		
	AUG-1-1997	
	AUG-3-1996	
	AUG-1-1997	64,933
		1,666
		4,836
		0
		73,269
	149,411	831,397
		153,230
		828,705
	88,757	
		62,000
	0	
		0
		30,533
		629,899
828,705		
		1,123,851
	1,123,851	387,703
		540,792
		57,798
		0
	2,089	
		137,457
		50,859
	86,598	
		0
		0
		0
		86,598
		1.41
		1.41