CRACKER BARREL OLD COUNTRY STORE, INC
Form PRER14A
September 28, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant x   Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

CRACKER BARREL OLD COUNTRY STORE, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY COPY SUBJECT TO COMPLETION

DATED SEPTEMBER 28, 2012

Dear Shareholder:

We have enclosed with this letter the proxy statement for our 2012 Annual Meeting (the Annual Meeting) of shareholders of Cracker Barrel Old Country Store, Inc. (Cracker Barrel or the Company).

This year s Annual Meeting will be held on Thursday, November 15, 2012, at 10:00 a.m. Central Time, at our offices at 305 Hartmann Drive, Lebanon, Tennessee 37087, and you are most welcome to attend. You will find directions to the Annual Meeting on the inside back cover of the accompanying proxy statement.

At the Annual Meeting, you will have an opportunity to vote on the following proposals: (1) the election of ten directors, (2) approval of the Company s shareholder rights plan, (3) approval, on an advisory basis, of the compensation of the Company s named executive officers as disclosed in the accompanying proxy statement and (4) ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm. Representatives from Deloitte & Touche LLP will be available at the Annual Meeting, and we will address questions that you may have.

Your vote will be especially important at the Annual Meeting. As you may have heard, Biglari Holdings Inc. and certain affiliated entities (collectively, Biglari Holdings) have proposed two alternative director nominees for election at the Annual Meeting: Sardar Biglari, the chairman and chief executive officer of Biglari Holdings, and Philip L. Cooley, the vice chairman of Biglari Holdings.

We strongly urge you (1) to read the accompanying proxy statement carefully and vote FOR the nominees proposed by the Board of Directors and in accordance with the Board s recommendations on the other proposals by using the enclosed WHITE proxy card and (2) not to return any proxy card sent to you by Biglari Holdings. If you vote using a GOLD proxy card sent to you by Biglari Holdings, you can subsequently revoke it by following the instructions on the **WHITE** proxy card to vote by telephone, by Internet or by signing, dating and returning the **WHITE** proxy card in the postage-paid envelope provided. Only your last-dated proxy will count any proxy may be revoked at any time prior to its exercise at the Annual Meeting as described in the accompanying proxy statement.

We want your vote to be represented at the Annual Meeting. For those of you who plan to visit with us in person at the Annual Meeting, we look forward to seeing you, and please have a safe trip.

Sincerely,

Sandra B. Cochran

President and Chief Executive Officer

, 2012

YOUR VOTE IS IMPORTANT

Please mark, sign and date your WHITE proxy card and return it promptly in the enclosed envelope, whether or not you plan to attend the meeting. If you own shares in a brokerage account, your broker cannot vote your shares on any of the proposals, except for the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm, unless you provide voting instructions to your broker. **THEREFORE, IT IS VERY IMPORTANT THAT YOU EXERCISE YOUR RIGHT AS A SHAREHOLDER AND VOTE ON ALL PROPOSALS.**

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PRELIMINARY COPY SUBJECT TO COMPLETION

DATED SEPTEMBER 28, 2012

305 Hartmann Drive

Lebanon, Tennessee 37087

Notice of Annual Meeting of Shareholders

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE OF MEETING:	November 15, 2012
TIME OF MEETING:	10:00 a.m. Central Time
PLACE OF MEETING:	305 Hartmann Drive Lebanon, Tennessee 37087
ITEMS OF BUSINESS:	(1) to elect ten directors; (2) to approve the Company s shareholder rights plan; (3) to approve, on an advisory basis, the compensation of the Company s named executive officers as disclosed in the proxy statement that accompanies this notice; (4) to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2013 fiscal year; and (5) to conduct other business properly brought before the meeting.
WHO MAY VOTE/ RECORD DATE:	You may vote if you were a shareholder at the close of business on September 21, 2012.
DATE OF MAILING:	This proxy statement and the form of proxy are first being mailed or provided to shareholders on or about [ ] [ ], 2012.

YOUR VOTE IS IMPORTANT. The Company cordially invites all shareholders to attend the meeting in person. Whether or not you personally plan to attend, please take a few minutes now to vote by telephone or by Internet by following the instructions on the **WHITE** proxy card, or to sign, date and return the enclosed **WHITE** proxy card in the enclosed postage-paid envelope provided. If you are a beneficial owner or you hold your shares in street name, please follow the voting instructions provided by your bank, broker or other nominee. Regardless of the number of Company shares you own, your presence by proxy is helpful to establish a quorum and your vote is important.

Please note that Biglari Holdings Inc. and certain affiliated entities (collectively, Biglari Holdings) have nominated two alternative director candidates: Sardar Biglari, the chairman and chief executive officer of Biglari Holdings, and Philip L. Cooley, the vice chairman of Biglari Holdings. **Our Board of Directors DOES NOT endorse the election of Biglari Holdings nominees.** You may receive proxy solicitation materials from Biglari Holdings, including its proxy statements and proxy cards. We are not responsible for the accuracy of any information provided by or relating to Biglari Holdings or its nominees contained in any proxy solicitation materials filed or disseminated by, or on behalf of, Biglari Holdings or any other statements that Biglari Holdings may otherwise make.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE BOARD NOMINEES USING THE ENCLOSED WHITE PROXY CARD AND URGES YOU NOT TO SIGN OR RETURN OR VOTE ANY PROXY CARD SENT TO YOU BY BIGLARI HOLDINGS.

If you have previously signed a proxy card sent by Biglari Holdings, you have the right to change your vote by telephone or by Internet by following the instructions on the **WHITE** proxy card, or by signing, dating and returning the enclosed **WHITE** proxy card in the postage-paid envelope provided. Only the latest dated proxy card you vote will be counted. If you are a beneficial owner or you hold your shares in street name, please follow the voting instructions provided by your bank, broker or other nominee to change your vote. We urge you to disregard any proxy card sent to you by Biglari Holdings.

By Order of our Board of Directors,

Michael J. Zylstra

Secretary

Lebanon, Tennessee

, 2012

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CRACKER BARREL OLD COUNTRY STORE, INC.

305 Hartmann Drive

Lebanon, Tennessee 37087

Telephone: (615) 444-5533

PROXY STATEMENT FOR 2012 ANNUAL MEETING OF SHAREHOLDERS

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GENERAL INFORMATION

What is this document?

This document is the proxy statement of Cracker Barrel Old Country Store, Inc. that is being furnished to shareholders in connection with our Annual Meeting of shareholders to be held on Thursday, November 15, 2012 (the Annual Meeting). A form of **WHITE** proxy card also is being furnished with this document.

We have tried to make this document simple and easy to understand. The Securities and Exchange Commission (the SEC) encourages companies to use plain English, and we will always try to communicate with you clearly and effectively. We will refer to Cracker Barrel Old Country Store, Inc. throughout this proxy statement as we, us, the Company or Cracker Barrel.

Why am I receiving a proxy statement?

You are receiving this document because you were one of our shareholders at the close of business on September 21, 2012, the record date for our Annual Meeting. We are sending this proxy statement and the form of **WHITE** proxy card to you in order to solicit your proxy (i.e., your permission) to vote your shares of Cracker Barrel stock upon certain matters at the Annual Meeting. We are required by law to convene an Annual Meeting of our shareholders at which directors are elected. Because our shares are widely held, it would be impractical, if not impossible, for our shareholders to meet physically in sufficient numbers to hold a meeting. Accordingly, proxies are solicited from our shareholders. United States federal securities laws require us to send you this proxy statement and specify the information required to be contained in it.

What does it mean if I receive more than one proxy statement or WHITE proxy card?

If you receive multiple proxy statements or **WHITE** proxy cards, that may mean that you have more than one account with brokers or our transfer agent. Please vote all of your shares. We also recommend that you contact your broker and our transfer agent to consolidate as many accounts as possible under the same name and address. Our transfer agent is American Stock Transfer & Trust Company (AST), which may be contacted at (800) 485-1883.

Since Biglari Holdings has proceeded with its previously announced alternative director nominations and commenced a proxy contest, we will likely conduct multiple mailings prior to the Annual Meeting date to ensure shareholders have our latest proxy information and materials to vote. We will send you a new **WHITE** proxy card with each mailing, regardless of whether you have previously voted. The latest dated proxy you submit will be counted, and, if you wish to vote as recommended by the Board of Directors then you should only submit **WHITE** proxy cards.

What information is available on the Internet?

This proxy statement, our Annual Report on Form 10-K and other financial documents are available free of charge at the SEC s website, www.sec.gov. Our proxy statement and annual report to shareholders are available at the Investor Relations section of our corporate website, www.crackerbarrel.com.

Are you householding for shareholders sharing the same address?

Yes. The SEC s rules regarding the delivery of proxy materials to shareholders permit us to deliver a single copy of these documents to an address shared by two or more of our shareholders. This method of delivery is called householding, and it can significantly reduce our printing and mailing costs. It also reduces the volume of mail you receive. This year, we are delivering only one set of proxy materials to multiple shareholders sharing an address, unless we receive instructions to the contrary from one or more of the shareholders. We will still be required, however, to send you and each other Cracker Barrel shareholder at your address an individual **WHITE** proxy voting card. If you would like to receive more than one set of proxy materials, we will promptly send you

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additional copies upon written or oral request directed to our transfer agent, AST, at toll free (800) 485-1883, or our Corporate Secretary at Cracker Barrel Old Country Store, Inc., 305 Hartmann Drive, Lebanon, Tennessee 37087. The same phone number and address may be used to notify us that you wish to receive a separate set of proxy materials in the future, or to request delivery of a single copy of our proxy materials if you are receiving multiple copies.

Is there any other information that I should be receiving?

Yes. You should have already received a copy of our 2012 annual report to shareholders, which contains financial and other information about the Company and our most recently completed fiscal year, which ended August 3, 2012. References in this document to a year (e.g., 2012), unless the context clearly requires otherwise, mean and will be deemed a reference to our fiscal year that ended on the Friday closest to July 31 of that year.

Who pays for the Company s solicitation of proxies?

We will pay for the entire cost of soliciting proxies on behalf of the Company. We will also reimburse brokerage firms, banks and other agents for the cost of forwarding the Company s proxy materials to beneficial owners. In addition, our directors and employees may solicit proxies in person, by mail, by telephone, via the Internet, press releases or advertisements. Directors and employees will not be paid any additional compensation for soliciting proxies, but MacKenzie Partners, Inc. (MacKenzie), our proxy solicitor, will be paid a fee, estimated to be about $250,000, for rendering solicitation services.

MacKenzie expects that approximately 50 of its employees will assist in the solicitation. MacKenzie will ask brokerage houses and other custodians and nominees whether other persons are beneficial owners of our common stock.

Our aggregate expenses, including those of MacKenzie, related to our solicitation of proxies in excess of those normally spent for an Annual Meeting as a result of the proxy contest initiated by Biglari Holdings, and excluding salaries and wages of our regular employees, are expected to be approximately $4.5 to $5.0 million, of which the Company estimates it has incurred approximately $1.6 million to date. Annex A sets forth information relating to our director nominees as well as certain of our directors, officers and employees who are considered participants in our solicitation under the rules of the SEC by reason of their position as directors or director nominees of the Company or because they may be soliciting proxies on our behalf.

An independent inspector of election will receive and tabulate the proxies and certify the results.

Who may attend the Annual Meeting?

The Annual Meeting is open to all of our shareholders. To attend the meeting, you will need to register upon arrival. We also may check for your name on our shareholders list and ask you to produce valid identification. If your shares are held in street name by your broker or bank, you should bring your most recent brokerage account statement or other evidence of your share ownership. If we cannot verify that you own Cracker Barrel shares, it is possible that you will not be admitted to the meeting.

May shareholders ask questions at the Annual Meeting?

Yes. Our officers will be available to respond to shareholder questions at the end of the meeting. In order to give a greater number of shareholders the opportunity to ask questions, we may impose certain procedural requirements, such as limiting repetitive or follow-up questions or requiring questions to be submitted in writing.

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What if I have a disability?

If you are disabled and would like to participate in the Annual Meeting, we can provide reasonable assistance. Please send any request for assistance to Cracker Barrel Old Country Store, Inc., 305 Hartmann Drive, Lebanon, Tennessee 37087, Attention: Corporate Secretary, at least two weeks before the meeting.

What is Cracker Barrel Old Country Store, Inc. and where is it located?

We are the owner and operator of the Cracker Barrel Old Country Store® restaurant and retail concept. We operate over 600 Cracker Barrel stores in 42 states through a number of related operating companies. Our corporate headquarters are located at 305 Hartmann Drive, Lebanon, Tennessee 37087. Our telephone number is (615) 444-5533.

Where is Cracker Barrel Old Country Store, Inc. common stock traded?

Our common stock is traded and quoted on the Nasdaq Global Select Market (Nasdaq) under the symbol CBRL.

Who will count the votes cast at the Annual Meeting?

The Board of Directors will appoint an independent inspector of election to serve at the Annual Meeting. The independent inspector of election for the Annual Meeting will determine the number of votes cast by holders of common stock for all matters. Preliminary voting results will be announced at the Annual Meeting, if practicable, and final results will be announced when certified by the independent inspector of election, which we expect will occur within a few business days after the date of the Annual Meeting.

How can I find the voting results of the Annual Meeting?

We will include the voting results in a Current Report on Form 8-K, which we will file with the SEC no later than four business days following the completion of the Annual Meeting. We will amend this filing to include final results if the independent inspector of election has not certified the results when the original Current Report on Form 8-K is filed.

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VOTING MATTERS

What am I voting on?

You will be voting on the following matters:

- the election of ten directors;
- the approval of the Company s shareholder rights plan;
- the approval, on an advisory basis, of the compensation of the Company s named executive officers as disclosed in this proxy statement; and
- the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2013 fiscal year.

Has the Company been notified that a shareholder intends to propose alternative director nominees at the Annual Meeting?

Yes. Biglari Holdings Inc. and certain affiliated entities (collectively Biglari Holdings) has notified the Company of its proposal of two alternative director nominees, Sardar Biglari, the chairman and chief executive officer of Biglari Holdings, and Philip L. Cooley, the vice chairman of Biglari Holdings, for election at the Annual Meeting. Our Board of Directors unanimously recommends a vote **FOR** each of the Board s nominees for director on the enclosed **WHITE** proxy card. **The Biglari Holdings nominees have NOT been endorsed by our Board of Directors.** We are not responsible for the accuracy of any information provided by or relating to Biglari Holdings or its nominees contained in any proxy solicitation materials filed or disseminated by, or on behalf of, Biglari Holdings or any other statements that Biglari Holdings may otherwise make.

Who is entitled to vote?

You may vote if you owned shares of our common stock at the close of business on September 21, 2012. As of September 21, 2012, there were 23,629,563 shares of our common stock outstanding.

How many votes must be present to hold the Annual Meeting?

In order to lawfully conduct the Annual Meeting, a majority of our outstanding common shares as of September 21, 2012 must be present at the meeting either in person or by proxy. This is called a quorum. Your shares are counted as present at the meeting if you attend the meeting and vote in person or if you properly return a proxy by one of the methods described below under the question How do I vote before the meeting? Abstentions and broker non-votes (as explained below under the question What is a broker non-vote ?) also will be counted for purposes of establishing a quorum.

How many votes do I have and can I cumulate my votes?

You have one vote for every share of our common stock that you own. Cumulative voting is not allowed.

May I vote my shares in person at the Annual Meeting?

Yes. You may vote your shares at the meeting if you attend in person, even if you previously submitted a proxy card or voted by Internet or telephone. Whether or not you plan to attend the meeting in person, however, in order to assist us in tabulating votes at the Annual Meeting, we encourage you to vote by returning your **WHITE** proxy card or by using the telephone or Internet.

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How do I vote before the meeting?

Before the meeting, you may vote your shares in one of the following three ways:

- by completing, signing and returning the enclosed **WHITE** proxy card in the postage-paid envelope;
- by using the telephone (within the United States and Canada) by calling (800) 690-6903; or
- by using the Internet by visiting the following website: www.proxyvote.com.

Please use only one of the three ways to vote. Please follow the directions on your **WHITE** proxy card carefully. If you hold shares in the name of a broker, your ability to vote those shares by Internet or telephone depends on the voting procedures used by your broker, as explained below under the question How do I vote if my broker holds my shares in street name ? The Tennessee Business Corporation Act provides that a shareholder may appoint a proxy by electronic transmission, so we believe that the Internet or telephone voting procedures available to shareholders are valid and consistent with the requirements of applicable law.

How do I vote if my broker holds my shares in street name ?

If your shares are held in a brokerage account in the name of your bank or broker (this is called street name), your bank or broker will send you a request for directions for voting those shares. Many (but not all) brokerage firms and banks participate in a program provided through Broadridge Financial Solutions, Inc. that offers Internet and telephone voting options.

What is a broker non-vote ?

If you own shares through a broker in street name, you may instruct your broker how to vote your shares. A broker non-vote occurs when you fail to provide your broker with voting instructions at least ten days before the Annual Meeting and the broker does not have the discretionary authority to vote your shares on a particular proposal because the proposal is not a routine matter under applicable rules. See How will abstentions and broker non-votes be treated? and Will my shares held in street name be voted if I do not provide my proxy? below. Because Biglari Holdings has initiated a proxy contest, there will be no routine matters at the Annual Meeting.

How will abstentions and broker non-votes be treated?

Abstentions and broker non-votes will be treated as shares that are present and entitled to vote for purposes of determining whether a quorum is present, but will not be counted as votes cast either in favor of or against a particular proposal, except in the limited circumstances outlined above.

Will my shares held in street name be voted if I do not provide my proxy?

If your shares are held in street name, your shares might be voted even if you do not provide the brokerage firm with voting instructions. On certain routine matters, brokerage firms have the discretionary authority to vote shares for which their customers do not provide voting instructions. Because Biglari Holdings has initiated a proxy contest, none of the proposals at the Annual Meeting is considered a routine matter, and, therefore, your shares will not be voted on any matter unless you instruct your brokerage firm to vote in a timely manner.

How will my proxy be voted?

The individuals named on the **WHITE** proxy card will vote your proxy in the manner you indicate on the **WHITE** proxy card.

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What if I return my WHITE proxy card or vote by Internet or telephone but do not specify my vote?

If you sign and return your **WHITE** proxy card or complete the Internet or telephone voting procedures but do not specify how you want to vote your shares, we will vote them:

- **FOR** the election of each of the ten nominees named in this proxy statement;
- **FOR** the approval of the Company s shareholder rights plan;
- **FOR** the approval, on an advisory basis, of the compensation of the Company s named executive officers as disclosed in this proxy statement; and
- **FOR** ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2013 fiscal year.

Can I change my mind and revoke my proxy?

Yes. To revoke a proxy given pursuant to this solicitation, you must:

- sign another proxy with a later date and return it to our Corporate Secretary at Cracker Barrel Old Country Store, Inc., 305 Hartmann Drive, Lebanon, Tennessee 37087 at or before the Annual Meeting;
- provide our Corporate Secretary with a written notice of revocation dated later than the date of the proxy at or before the Annual Meeting;
- re-vote by using the telephone and calling (800) 690-6903;
- re-vote by using the Internet and visiting the following website: www.proxyvote.com; or
- attend the Annual Meeting and vote in person note that attendance at the Annual Meeting will not revoke a proxy if you do not actually vote at the Annual Meeting.

If you have previously signed a GOLD proxy card sent to you by Biglari Holdings, you may change your vote by marking, signing, dating and returning the enclosed **WHITE** proxy card in the accompanying postage-paid envelope or by voting by telephone or via the Internet by following the instructions on your **WHITE** proxy card. Submitting a Biglari Holdings proxy card will revoke votes you have previously made via the Company s **WHITE** proxy card.

What vote is required to approve each proposal?

- **Proposal 1: Election of ten directors.**

As a result of Biglari Holdings intention to propose Sardar Biglari and Philip L. Cooley as alternative director nominees, and assuming these nominees have not been withdrawn by Biglari Holdings on or prior to the tenth day before we mail the Notice of Meeting in this proxy statement to our shareholders, there will be more than ten nominees. This means that the ten candidates receiving the highest number of FOR votes will be elected. This number is called a plurality. A properly executed proxy card marked WITHHOLD with respect to the election of a director nominee will be counted for purposes of determining if there is a quorum at the Annual Meeting, but will not be considered to have been voted for the director nominee. Broker non-votes will also not be considered to have been voted for any director nominee.

THE ONLY WAY TO SUPPORT ALL TEN OF YOUR BOARD OF DIRECTORS NOMINEES IS TO VOTE FOR THE BOARD S NOMINEES ON THE WHITE PROXY CARD. PLEASE DO NOT SIGN OR RETURN BIGLARI HOLDINGS GOLD PROXY CARD, EVEN IF YOU VOTE AGAINST OR WITHHOLD ON THEIR DIRECTOR NOMINEES. DOING SO MAY CANCEL ANY PREVIOUS VOTE YOU CAST ON THE COMPANY S WHITE PROXY CARD.

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Proposal 2: Approval of the Company s shareholder rights plan.

The Company s shareholder rights plan will be approved if the number of shares of Company common stock voted FOR the proposal exceeds the number of shares of Company common stock voted AGAINST. If you vote ABSTAIN on this proposal via a properly executed **WHITE** proxy card, the Internet or telephone, your vote will not be counted as cast FOR or AGAINST this proposal. Broker non-votes likewise will not be treated as cast FOR or AGAINST this proposal. Accordingly, neither abstentions nor broker non-votes will have any legal effect on whether this proposal is approved.

Proposal 3: Approval, on an advisory basis, of the compensation of the Company s named executive officers as disclosed in the proxy statement that accompanies this notice.

The approval of the compensation of the Company s named executive officers as described in this proxy statement will be approved if the number of shares of Company common stock voted FOR the proposal exceeds the number of shares of Company common stock voted AGAINST. If you vote ABSTAIN on this proposal via a properly executed **WHITE** proxy card, the Internet or telephone, your vote will not be counted as cast FOR or AGAINST this proposal. Broker non-votes likewise will not be treated as cast FOR or AGAINST this proposal. Accordingly, neither abstentions nor broker non-votes will have any legal effect on whether this proposal is approved.

Proposal 4: Ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2013.

Shareholder ratification of the appointment of our independent registered public accounting firm is not required, but the Board of Directors is submitting the appointment of Deloitte & Touche LLP for ratification in order to obtain the views of our shareholders. This proposal will be approved if the votes cast FOR the proposal exceed the votes cast AGAINST the proposal. If you submit a properly executed **WHITE** proxy card or use the Internet or telephone to indicate ABSTAIN on this proposal, your vote will not be counted as cast on this proposal. Since Biglari Holdings has initiated a proxy contest, broker non-votes likewise will not be treated as cast on this proposal. Accordingly, neither abstentions nor broker non-votes will have any legal effect on whether this matter is approved. If the appointment of Deloitte & Touche LLP is not ratified, the Audit Committee will reconsider its appointment.

How do you recommend that I vote on these items?

The Board of Directors recommends that you vote:

FOR the election of each of the ten director nominees named in this proxy statement;

FOR the approval of the Company s shareholder rights plan;

FOR the approval, on an advisory basis, of the compensation of the Company s named executive officers as disclosed in the proxy statement that accompanies this notice; and

FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2013 fiscal year.

What should I do if I receive a proxy card from Biglari Holdings?

Biglari Holdings has proposed Sardar Biglari and Philip L. Cooley as alternative director nominees for election at the Annual Meeting. We expect that you will receive proxy solicitation materials from Biglari Holdings, including an opposition proxy statement and GOLD proxy card. **Our Board of Directors unanimously recommends that you disregard it**. We are not responsible for the accuracy of any information provided by or relating to Biglari Holdings or its nominees contained in any proxy solicitation materials filed or

disseminated by, or on behalf of, Biglari Holdings or any other statements that Biglari Holdings may otherwise make. If you have already voted using the GOLD proxy card, you have every right to change your vote by executing and returning the enclosed **WHITE** proxy card or by voting by telephone or via the Internet by following the instructions provided on the enclosed **WHITE** proxy card. Only the latest dated proxy you submit will be counted. If you vote against the Biglari Holdings nominees using the GOLD proxy card, your vote will not be counted as a vote for all ten of the Board s nominees and will result in the revocation of any previous vote you may have cast on the Company s **WHITE** proxy card. If you wish to vote pursuant to the recommendation of the Board of Directors, you should disregard any proxy card that you receive other than the **WHITE** proxy card. **If you have any questions or need assistance voting, please call MacKenzie Partners, Inc., our proxy solicitor, at (800) 322-2885.**

May other matters be raised at the Annual Meeting; how will the meeting be conducted?

We have not received proper notice of, and are not aware of, any business to be transacted at the Annual Meeting other than as indicated in this proxy statement. Under Tennessee law and our governing documents, no other business aside from procedural matters may be raised at the Annual Meeting unless proper notice has been given to us by the shareholders seeking to bring such business before the meeting. If any other item or proposal properly comes before the Annual Meeting, the proxies received will be voted on such matter in accordance with the discretion of the proxy holders.

The Chairman has broad authority to conduct the Annual Meeting so that the business of the meeting is carried out in an orderly and timely manner. In doing so, he has broad discretion to establish reasonable rules for discussion, comments and questions during the meeting. The Chairman is also entitled to rely upon applicable law regarding disruptions or disorderly conduct to ensure that the Annual Meeting proceeds in a manner that is fair to all participants.

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BOARD OF DIRECTORS AND COMMITTEES

Directors

The names and biographies of each member of our Board of Directors are set forth in this proxy statement under PROPOSAL 1: ELECTION OF DIRECTORS, beginning on page 46 of this proxy statement. Except for Messrs. Dale, Lowery, Jones and Woodhouse, who have informed Cracker Barrel of their decision to retire and not to stand for election, all of the current members of our Board of Directors are nominees for re-election to the Board. None of our retiring directors respective decisions are due to any disagreement with the Company on any matter relating to the Company s operations, policies, or practices. Prior to the Annual Meeting, Messrs. Dale, Lowery, Jones and Woodhouse will resign, and the size of our Board of Directors will be set at ten directors by action of our Board of Directors pursuant to our Bylaws.

Board Meetings

Our Board of Directors met 19 times during 2012. Each director attended at least 75% of the aggregate number of meetings of the full Board of Directors that were held during the period he or she was a director during 2012 and all meetings of the committee(s) on which he or she served that were held during the period he or she served on such committee in 2012.

Board Committees

Our Board of Directors has the following standing committees: Audit, Compensation, Nominating and Corporate Governance, Public Responsibility, and Executive. All members of the Audit, Compensation, and Nominating and Corporate Governance committees are independent under the Nasdaq Marketplace Rules and our Corporate Governance Guidelines. Our Board of Directors has adopted a written charter for each of the committees, with the exception of the Executive Committee. Copies of the charters of each of the Audit, Compensation, and Nominating and Corporate Governance committees, as well as our Corporate Governance Guidelines, are posted on our website, www.crackerbarrel.com. Current information regarding all of our standing committees is set forth below.

Name of Committee and Members	Functions of the Committee	Number of Meetings in 2012
AUDIT:	Acts as liaison between our Board of Directors and independent auditors	6
	Reviews and approves the appointment, performance, independence and compensation of independent auditors	
Richard J. Dobkin, Chair	Has authority to hire, terminate and approve payments to the independent registered public accounting firm and other committee advisors	
James W. Bradford		
Robert V. Dale	Responsible for developing procedures to receive information and address complaints regarding our accounting, internal accounting controls or auditing matters	
William W. McCarten		
	Reviews internal accounting controls and systems, including internal audit plan	
	Reviews results of the internal audit plan, the annual audit and related financial reports	
	Reviews quarterly earnings press releases and related financial reports	
	Reviews our significant accounting policies and any changes to those policies	

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Name of Committee and Members	Functions of the Committee	Number of Meetings in 2012
	Reviews policies and practices with respect to risk assessment and risk management Reviews and pre-approves directors and officers related-party transactions and annually reviews ongoing arrangements with related parties and potential conflicts of interest Reviews the appointment, performance and termination or replacement of the senior internal audit executive Determines financial expertise and continuing education requirements of members of the committee	
COMPENSATION: Coleman H. Peterson, Chair Robert V. Dale Richard J. Dobkin Charles E. Jones, Jr. Andrea M. Weiss	Reviews management performance, particularly with respect to annual financial goals Administers compensation plans and reviews and approves salaries, bonuses and equity compensation grants of executive officers Monitors compliance of directors and officers with our stock ownership guidelines Evaluates the risk(s) associated with our compensation plans Selects and engages independent compensation consultants and other committee advisors Reviews, in conjunction with the Nominating and Corporate Governance Committee, a succession plan with the Chairman of the Board and the Chief Executive Officer and provides insights with respect to succession planning to the Nominating and Corporate Governance Committee	9
NOMINATING AND CORPORATE GOVERNANCE: James W. Bradford, Chair Robert V. Dale William W. McCarten Martha M. Mitchell	Identifies and recruits qualified candidates to fill positions on our Board of Directors Considers nominees to our Board of Directors recommended by shareholders in accordance with the nomination procedures set forth in our bylaws Reviews corporate governance policies and makes recommendations to our Board of Directors Reviews and recommends candidates to serve on committees of our Board of Directors Oversees annual performance review of our Board of Directors and the Committees thereof Reviews, on behalf of our Board of Directors, a succession plan with the Chairman of the Board and the Chief Executive Officer and reports to our Board of Directors on that issue	11

PUBLIC RESPONSIBILITY:		
		2
Martha M. Mitchell, Chair B.F. Jack Lowery Coleman H. Peterson Andrea M. Weiss	Oversees the identification, evaluation and monitoring of social, legislative, regulatory and public policy issues that affect our business reputation, business activities and performance	

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Name of Committee and Members	Functions of the Committee	Number of Meetings in 2012
	Monitors our activities as a responsible corporate citizen, and in that role, reviews and makes recommendations with respect to social responsibility and public policy issues as they affect us, our employees, guests, vendors, shareholders and the communities in which we operate Oversees external relations and public affairs activities and the manner in which we conduct our public policy and government relations activities Offers advice and makes recommendations to assist us in responding appropriately to our social responsibilities and the public interest in our affairs	
EXECUTIVE:		0
Michael A. Woodhouse, Chair James W. Bradford Sandra B. Cochran Robert V. Dale Richard J. Dobkin Martha M. Mitchell Coleman H. Peterson	Meets at the call of the Chief Executive Officer or Chairman of the Board Meets when the timing of certain actions makes it appropriate to convene the committee rather than the entire Board of Directors May carry out all functions and powers of our Board of Directors subject to certain exceptions under applicable law Advises senior management regarding actions contemplated by the Company whenever it is not convenient or appropriate to convene the entire Board of Directors	

In addition to the current directors listed above, during the portion of 2012 from the beginning of our fiscal year until immediately prior to the 2011 annual meeting of shareholders (the 2011 Annual Meeting), our former directors Robert C. Hilton and Jimmie D. White served on the Audit Committee, and Mr. White served on the Public Responsibility Committee. Our three independent directors that joined the Board in 2011, Messrs. Bradford, Peterson and McCarten, began serving on our standing committees as set forth above following our 2011 Annual Meeting. As part of their process of becoming more familiar with the Company and its business during their initial period of service on our Board of Directors, our three independent directors who joined us since the beginning of 2012, Messrs. Barr, Davenport and Johnson, have been participating in meetings of the various standing committees of the Board of Directors on an informal basis. It is anticipated that the new independent directors will begin formally serving on one or more standing committees of the Board of Directors following the Annual Meeting.

Board Leadership Structure

As a result of our Board of Directors ongoing review of the leadership structure of the Board of Directors and the Company s succession planning process, together with Mr. Woodhouse s recent announcement of his intent to step down as Executive Chairman, effective November 7, 2012, our Board of Directors determined that the position of Chairman should be held by a non-employee of the Company. Accordingly, the Board of Directors appointed Mr. Bradford as the Company s Chairman, effective November 7, 2012, upon Mr. Woodhouse s retirement.

Our Board of Directors regularly considers the appropriate leadership structure for the Company. The Board of Directors has concluded that it is important to retain flexibility in determining whether the same individual should serve as both Chief Executive Officer and Chairman at any given point in time based on what the Board of Directors believes will provide the best leadership structure for the Company at that time, rather than by adhering to a formal standing policy on the subject. This approach allows our Board of Directors to use its considerable experience and knowledge to elect the most qualified director as Chairman, while maintaining the ability to separate the Chairman and Chief Executive Officer roles when appropriate. Accordingly, at different points in time, the Chief Executive

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Officer and Chairman roles may be held by the same person. At other times, as currently, they may be held by different individuals. In each instance, the decision on whether to combine or separate the roles is determined by what the Board of Directors believes is in the best interests of our shareholders, based on the circumstances at the time. By way of example, in the event of a departure of either our Chief Executive Officer or Chairman, the Board of Directors could reconsider the leadership structure and whether one individual was then suited to fulfill both roles, based on a candidate s experience and knowledge of our business and whether the directors considered it in the best interest of the Company to combine the positions.

Our Board of Directors believes that its current leadership structure, with Mr. Woodhouse serving as Executive Chairman until his retirement on November 7, 2012, Mr. Bradford serving as Chairman effective upon Mr. Woodhouse s retirement, and Ms. Cochran serving as the Chief Executive Officer, is the most appropriate structure for the Company for fostering the achievement of our corporate goals and objectives and establishes a favorable balance between effective Company leadership and appropriate oversight by non-employee directors. Our Board of Directors believes that the current leadership structure best serves (i) the objectives of the Board of Directors oversight of management, (ii) the ability of the Board of Directors to carry out its roles and responsibilities on behalf of the shareholders and (iii) the Company s overall corporate governance. Nevertheless, our Board of Directors will continue to evaluate the Company s leadership structure on an ongoing basis to ensure that it is appropriate at all times.

Board Oversight of Risk Management

It is the responsibility of our senior management to develop and implement our strategic plans, and to identify, evaluate, manage and mitigate the risks inherent in those plans. It is the responsibility of our Board of Directors to understand and oversee our strategic plans, the associated risks, and the steps that senior management is taking to manage and mitigate those risks. Our Board of Directors takes an active approach to its risk oversight role. This approach is bolstered by our Board of Directors leadership and committee structure, which ensures: (1) proper consideration and evaluation of potential enterprise risks by the full Board of Directors under the auspices of the Chairman; and (2) further consideration and evaluation of discrete risks at the committee level.

Our Board of Directors is comprised predominantly of independent directors (12 of our 14 current directors, and nine of our ten nominees), and all directors who served on the key committees of our Board of Directors (Audit, Compensation, Nominating and Corporate Governance and Public Responsibility) during 2012 are independent under applicable Nasdaq listing standards and our Corporate Governance Guidelines. This system of checks and balances ensures that key decisions made by the Company s most senior management, up to and including the Chief Executive Officer, are reviewed and overseen by the non-employee directors of our Board of Directors.

Risk management oversight by the full Board of Directors includes a comprehensive annual review of our overall strategic plans, including the risks associated with these strategic plans. Our Board of Directors also conducts an annual review of the conclusions and recommendations generated by management s enterprise risk management process. This process involves a cross-functional group of our senior management that, on a continual basis, identifies current and future potential risks facing us and ensures that actions are taken to manage and mitigate those potential risks. Our Board of Directors also has overall responsibility for leadership succession for our most senior officers and reviews succession plans each year.

In addition, our Board of Directors has delegated certain risk management oversight responsibilities to certain of its committees, each of which reports regularly to the full Board of Directors. In performing these oversight responsibilities, each committee has full access to management, as well as the ability to engage independent advisors. The Audit Committee has primary overall responsibility for overseeing our risk management. It oversees risks related to our financial statements, the financial reporting process, accounting and legal matters. The Audit Committee oversees the internal audit function and our ethics and compliance program. It also regularly receives reports regarding our most significant internal control and compliance risks, along with

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management s processes for maintaining compliance within a strong internal control environment. In addition, the Audit Committee receives reports regarding potential legal and regulatory risks and management s plans for managing and mitigating those risks. Representatives of our independent registered public accounting firm attend Audit Committee meetings, regularly make presentations to the Audit Committee and comment on management presentations. In addition, our Chief Financial Officer, Chief Internal Auditor and representatives of our independent registered public accounting firm individually meet in private sessions with the Audit Committee to raise any concerns they might have with the Company s risk management practices.

The Compensation Committee is responsible for overseeing our incentive compensation arrangements, for aligning such arrangements with sound risk management and long-term growth and for verifying compliance with applicable regulations. The Compensation Committee conducted an internal assessment of our executive and non-executive incentive compensation programs, policies and practices. The Compensation Committee reviewed and discussed: the various design features and characteristics of the Company-wide compensation policies and programs; performance metrics; and approval mechanisms of all incentive programs. Based on this assessment and after discussion with management and the Compensation Committee s independent compensation consultant, the Compensation Committee has concluded that our incentive compensation arrangements and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Finally, the Nominating and Corporate Governance Committee oversees risks associated with its areas of responsibility, including, along with the Audit Committee, our ethics and compliance program. The Nominating and Corporate Governance Committee also reviews annually our key corporate governance documents to ensure they are in compliance with the changing legal and regulatory environment and appropriately enable our Board of Directors to fulfill its oversight duties. In addition, our Board of Directors is routinely informed of developments at the Company that could affect our risk profile and business in general.

Compensation of Directors

During 2012, each outside director was paid an annual retainer of $45,000, other than our independent Lead Director Robert V. Dale (who is not standing for re-election to the Board), who was paid an annual retainer of $75,000. Each outside director also was paid a director s fee of $1,500 for each committee meeting attended, other than the Audit Committee and the Compensation Committee members, who were paid $2,000 for each committee meeting attended. The Chairman of each committee, other than the Audit Committee and the Compensation Committee, was paid an additional annual retainer of $13,000, while the Chairman of the Audit Committee and Compensation Committee each was paid an additional annual retainer of $18,000. Directors also receive $2,000 for each meeting of our Board of Directors attended, in addition to the annual retainer described above. We reimburse all non-employee directors for reasonable out-of-pocket expenses incurred in connection with attendance at meetings.

Non-employee directors are also offered the option to participate in our deferred compensation plan. The deferred compensation plan allows a participant to defer a percentage or sum of his or her compensation and earn interest on that deferred compensation at a rate equal to the 10-year Treasury bill rate (as in effect at the beginning of each calendar month) plus 1.5%. Additionally, our non-employee directors have an option to participate in our medical, prescription and dental group insurance programs.

Each non-employee director who is elected at an annual meeting also currently receives a grant of shares of restricted stock having a value equal to $85,000, with the number of shares of restricted stock included in such grant to be determined based on the closing price of our common stock on the date of the applicable annual meeting, as reported by Nasdaq, and to be rounded to the nearest whole share. These awards vest at the earlier of one year from date of grant or at the next annual meeting of shareholders.

The compensation of our directors during 2012 is detailed in the Director Compensation Table, which can be found on page 39 of this proxy statement.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This portion of the proxy statement, called Compensation Discussion and Analysis or CD&A, provides a description of the objectives and principles of Cracker Barrel s executive compensation programs. It explains how compensation decisions are linked to Cracker Barrel s performance relative to our strategic goals and the interests of our shareholders. It is also meant to give our shareholders insight into the deliberative process and the underlying compensation philosophy that inform the design of our pay packages. Generally, Cracker Barrel s executive compensation programs apply to all executive officers, but this CD&A focuses on the compensation decisions relating to our executive officers who qualified as named executive officers under applicable SEC rules (the Named Executive Officers) during fiscal 2012.

EXECUTIVE SUMMARY

Company Performance in 2012 and Impact on Executive Compensation

Fiscal 2012 was marked by significant progress for Cracker Barrel, with a new Chief Executive Officer, Sandra B. Cochran, leading our senior management team and bringing new strategic focus to our business. As a result of this progress, we saw strong improvements in many of the key metrics by which our business performance is measured.

Shareholder Returns: During 2012, we declared an 80% increase in the quarterly dividend paid to our shareholders to $0.40 and reduced our debt by $25.1 million. We also delivered total shareholder return or TSR, which we believe is an appropriate measure of value returned on the shareholders investment, of 41% for fiscal 2012, compared to 24% for the S&P 600 restaurant index.

Revenue Growth: On a comparable 52-week period, we grew revenues in fiscal 2012 by 3.9% to $2.5 billion, with comparable store restaurant sales increasing 2.2% and comparable store retail sales increasing 1.6%. With this top-line growth, we outperformed the Knapp-Track Casual Dining Index, culminating in a 1.1% positive spread between our sales and that industry metric.

Improved Margins: We improved our operating margin, achieving 7.4%, compared to 6.9% in fiscal 2011.

Guest Experience: The success of our efforts is reflected not only in our financial results but also in our guests responses when asked about their dining experience in our restaurants. Cracker Barrel took first place in the Family Dining category in the 2012 Consumer Picks survey sponsored by *Nation s Restaurant News*. Results showed Cracker Barrel had the highest ranking in several categories, including service, menu variety and likely to return.

At the beginning of fiscal 2012, Ms. Cochran announced six key business priorities that steered our strategic focus and operational execution over the course of the fiscal year. The six priorities are intended to enhance shareholder value and further reinforce the Cracker Barrel brand. The successful implementation of these six priorities positively impacted our fiscal year performance as follows:

1) ***Introduce new marketing messaging to reinforce the authentic value provided by Cracker Barrel***. We launched our Handcrafted by Cracker Barrel campaign with national cable television and spot radio advertising. We focused broadcast media support around our two peak sales periods, which are the holiday season (our second fiscal quarter) and the summer travel season (our fourth fiscal quarter). We believe indicators of the new advertising strategy s success include (i) three successive quarters of increased year-over-year traffic growth starting in the second quarter and (ii) out-performance of the Knapp-Track Casual Dining Index during the second, third and fourth quarters of 2012.

2) ***Refine our menu and pricing to increase variety and everyday affordability***. In the first quarter of the fiscal year, we introduced weekday $5.99 Daily Lunch Specials which we believe drove an increase in weekday lunch sales and traffic over the course of the

year. In the fourth quarter, we enhanced our salad offerings, reformulating all the salads on the menu and adding several new ones that will provide guests with additional healthier options alongside our traditional home-style fare.

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3) ***Enhance the restaurant operating platform to sustainably improve the guest experience***. Throughout the fiscal year, we made improvements to our core operations to enable our employees to provide a great Cracker Barrel experience to our guests. These improvements included changes in processes and procedures and the installation of new equipment and technology. The success of our efforts to enhance the operating platform was validated by our higher year-over-year overall guest satisfaction scores during fiscal 2012. We also achieved organizational highs for the following categories: overall value, taste of the food, temperature of the food, attentiveness of server, speed of receiving order, friendliness of server, cleanliness of dining area, friendliness of host/hostess, retail service, and timeliness/efficiency in check out. In addition, we set a company sales record on Thanksgiving which we then were able to improve upon with a record-breaking Mother s Day.

4) ***Drive retail sales using innovative tactics, with a focus on delivering value and creating a further connection to the brand for our guests***. Further defining the distinctive Cracker Barrel experience, we focused on merchandising our stores with unique and nostalgic items. We saw growth throughout the year in one of our strongest categories, apparel and accessories. We also developed and grew proprietary product lines, including our branded Butterflies doll line, a unique and fun collection featuring $19.99 dolls with their own personalities, stories, and accessories. In May 2012, we hired a new Senior Vice President of Retail to oversee and continue to drive these new strategies.

5) ***Employ focused cost reduction.*** We have eliminated many annual expenses, including a restructuring of home office employees in July 2011 to decrease general and administrative expenses and a restructuring of our field organization in April 2012 to better align our restaurant and retail operations under central leadership. We also completed the first phase of a labor management system which helps Store Managers better direct weekly training, productivity, and execution. Additionally, we completed the rollout of our transportation management system, which we believe will improve efficiency in the distribution of our retail merchandise. As a result of these and other initiatives, operating income increased as a percentage of revenues from 6.9% in fiscal 2011 to 7.4% in fiscal 2012.

6) ***Enhance shareholder value using a balanced approach to capital allocation***. We repaid $25.1 million in long term debt. Direct shareholder return was enhanced by the repurchase of 265,538 shares of our common stock and an 80% increase in our quarterly dividend to $0.40 per quarter. During fiscal 2012, we also reinvested approximately $80.2 million in the Company through capital expenditures.

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We believe successful execution of these initiatives is evident in our financial performance. Operating income and earnings per share (EPS), adjusted for $1.7 million in severance and $5.2 million in proxy expenses and on a comparable 52-week basis, were $188.1 million and $4.34, respectively, which marked increases of 11.6% and 13.9%, respectively, over comparable measures for fiscal 2011.[1]

Summary of 2012 Compensation Actions

Pay actions for our Named Executive Officers in 2012 reflected the successful results of our six strategic priorities:

- Short term awards (annual bonus plan) for Named Executive Officers were 120.85% of target and align with our increase in operating income; and
- Long term awards (2011 LTPP Awards) for Named Executive Officers were 101.27% of target and reflected our achievement of return on invested capital (ROIC) of 16.0% during the past two years.

The Company did not increase the base salaries of our Named Executive Officers over their levels in 2011, except in connection with the promotions of two of our Named Executive Officers.

Advisory Vote on Executive Compensation

Last year, we held our first annual advisory vote to approve Named Executive Officer compensation, commonly known as Say on Pay . Approximately 68% of the votes cast voted in favor of our executive compensation as disclosed in our 2011 Proxy Statement. Our Board of Directors and management realized that these results, while representing firm majority support for our Named Executive Officer compensation program in the face of a proxy contest, nevertheless reflected concerns on the part of some shareholders that both our Board and management deemed important for the Company to address. To that end, we initiated a review, led by our Compensation Committee, to analyze feedback received from key stakeholders regarding our executive compensation programs and to determine whether, and, if so, which, changes to our pay practices should be made.

In its review, our Compensation Committee considered:

- The results of our advisory vote on executive compensation;
- Feedback from shareholders both before and after the 2011 Annual Meeting;

[1] Operating income and EPS determined in accordance with GAAP were $191.0 million and $4.40 per share for 2012 and $167.2 million and $3.61 per share for 2011, respectively. This GAAP amount for 2012 is presented on a 53-week basis and includes proxy contest expenses, severance and restructuring charges and their related tax effects. The GAAP amount for 2011 includes refinancing costs, severance and restructuring charges, the benefit of store dispositions net of impairments, and their related tax effects. A reconciliation of the Company s financial results determined in accordance with GAAP to certain non-GAAP financial measures used herein has been provided on page 66 of this proxy statement.

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- Feedback from proxy advisory services;

- Management recommendations based on the Company s strategic plans; and

- Analysis and recommendations from the Compensation Committee s compensation consultant, Frederic W. Cook & Co., Inc. (Cook & Co.).

In its review, the Compensation Committee made a number of findings that bear on our compensation decisions. First, although our shareholders approved our total pay packages in the say-on-pay vote at the 2011 Annual Meeting, some shareholders expressed concern regarding a compensation philosophy that targeted base salaries at the 60^{th} percentile for our peer group. Second, our Compensation Committee heard concerns even from shareholders who voted favorably in the say-on-pay vote that our compensation disclosure was unclear, or difficult to fully comprehend, particularly with regard to certain performance metrics. Third, feedback from certain of our shareholders and proxy advisory services indicated a preference for director and officer share ownership guidelines expressed as a multiple of base salary rather than an absolute number to help ensure that management and the Board maintain a value level of ownership regardless of fluctuations in our stock price. Finally, research by the Compensation Committee and its advisors suggested that, while not prompted by any specific concern related to our executives conduct, the Company would nevertheless be better served as a governance matter by adopting a formal policy that would prevent our Board members and executives from engaging in hedging or other transactions in our stock that would constitute a bet against the Company.

In response to this analysis, the Compensation Committee, among other things:

- Altered Cracker Barrel s overall compensation philosophy to seek total target compensation paid to our executive officers at the median of our peer group;

- Worked with the Company s management to clarify the disclosure of the Company s performance targets for compensation, and its performance relative to them, as reflected in this CD&A;

- Adopted revised stock ownership guidelines that (i) for executive officers are based on a multiple of base salary, and which included an increase in our Chief Executive Officer s stock ownership requirement, and (ii) for non-employee directors are the greater of either 5,000 shares or a multiple of the total cash retainer paid to non-employee directors. Under the new guidelines, no executive or director will have any ability to engage in sale transactions in our stock until after his or her ownership target is reached; and

- Adopted an anti-hedging policy that prohibits officers and directors from engaging in hedging transactions involving Cracker Barrel stock.

Elements of Compensation Program

Compensation Philosophy

Our central compensation objective is to develop a program that will ultimately drive long-term total return to our shareholders and build a better company by implementing compensation programs that reward both company-wide and individual performance, align our executives interests with those of our shareholders and allow us to attract and retain talented executives.

We have a strong pay for performance philosophy designed to reward executive officers for maximizing our success, as determined by our performance relative to our financial and operational goals. One hundred percent of the at-risk compensation payable to our executives is tied to the Company s achievement of measurable performance goals (operating income and ROIC) that we believe directly relate to our ability to return value to our shareholders and thereby translate into higher Total Shareholder Return (TSR) our third measurement metric. In furtherance of our overall philosophy, we seek to reward our executives for both near-term and sustained longer-term financial and operating performance as well as leadership excellence. Compensation opportunities are intended to align the economic interests of executives with those of our shareholders and encourage them to remain with the Company for long and productive careers.

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The Company s compensation philosophy is to target total direct compensation paid to our executive officers at the median of our peer group and other market comparisons. While the Compensation Committee strives to deliver a target total compensation package approximating the market median, judgment is applied to recognize individual performance, experience, and value to the organization when establishing compensation opportunities. The Compensation Committee believes it utilizes elements of compensation that create appropriate flexibility and help focus and reward executives for both near-term and long-term performance while aligning the interests of executive officers with the interests of our shareholders.

Role of the Compensation Committee

The Compensation Committee s primary responsibility is the establishment and approval of compensation and compensation programs for our executive officers that further the overall objectives of our executive compensation scheme. In fulfilling this responsibility, the Compensation Committee:

- Reviews and approves corporate performance goals for our executive officers, sets cash- and equity-based compensation and administers our equity incentive arrangements;
- Assesses (together with management) potential risks to the Company associated with our compensation programs and reviews and approves employment and change in control agreements of our executive officers; and
- Periodically conducts or authorizes studies of matters within its scope of responsibilities and may retain, at the Company s expense, independent counsel or other consultants necessary to assist the Compensation Committee in any such studies.

The Compensation Committee makes compensation decisions after reviewing the performance of the Company and carefully evaluating both quantitative and qualitative factors such as an executive s performance during the year against established goals, leadership qualities, operational performance, business responsibilities, long-term potential to enhance shareholder value, current compensation arrangements through tally sheets reflecting current and historical compensation for each executive, and tenure with the Company.

In addition, for any Named Executive Officers who are subject to employment agreements, the Compensation Committee, with the assistance of Cook & Co. and outside counsel, is responsible for negotiating and reviewing the terms of such employment agreements.

Role of Management

Management plays the following roles in the compensation process:

- Management recommends to our Board of Directors business performance targets and objectives for the annual plan and provides background information about the underlying strategic objectives;
- Management evaluates employee performance;
- Management recommends cash compensation levels and equity awards;
- The Chief Executive Officer works with the Compensation Committee Chairman to establish the agenda for Compensation Committee meetings;

The Chief Executive Officer generally makes recommendations to the Compensation Committee regarding salary increases for other executive officers during the regular merit increase process;

The Chief Executive Officer provides her perspective on recommendations provided by the consulting firm hired by the Compensation Committee regarding compensation program design issues;

The Chief Executive Officer does not play a role in setting her own compensation; and

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Other members of management, at the request of the Compensation Committee, work with the outside consultants hired by the Compensation Committee to provide data about past practices, awards, costs and participation in various plans, as well as information about our annual and longer-term goals. When requested by the Compensation Committee, selected members of management may also review consultant recommendations on plan design and structure and provide a perspective to the Compensation Committee on how these recommendations may affect recruitment, retention and motivation of our employees as well as how they may affect us from an administrative, accounting, tax or similar perspective.

Role of Independent Compensation Consultant

To assist the Compensation Committee with establishing executive compensation, the Compensation Committee retains Cook & Co., a nationally recognized executive compensation consulting firm, to provide competitive market data, assist in establishing a peer group of companies and provide guidance to compensation structure as well as levels of compensation for our senior executives and the Board. The Compensation Committee consulted with Cook & Co. in determining the compensation to be awarded to all of the Named Executive Officers, including Ms. Cochran, in 2012. Cook & Co. reports directly to the Compensation Committee. We believe that Cook & Co. is independent of management and provides the Compensation Committee with objective advice.

Analysis of Peer Group

The Compensation Committee evaluates a variety of factors in establishing an overall compensation program that best fits our overarching goals of maximizing shareholder return and building a stronger company. As one element of this evaluative process, the Compensation Committee, with the assistance of Cook & Co., considers competitive market compensation paid by other similarly situated companies and attempts to maintain compensation levels and programs that are comparable to and competitive with those of a peer group of similarly situated companies. The peer group is reviewed annually by the Compensation Committee, working with Cook & Co., and is comprised of the following:

- Organizations of similar business characteristics (i.e., publicly traded organizations in the restaurant and retail industries);
- Organizations against which we compete for executive talent;
- Organizations of comparable size to Cracker Barrel (measured by sales); and
- Organizations with similar geographic dispersion and workforce demographics.

After detailed analysis, the peer group approved and used by the Compensation Committee during 2012 and comprised the following 16 publicly-traded companies:

ANN, Inc.	Jack-in-the-Box, Inc.
Big Lots, Inc.	P F Chang s China Bistro Inc.
Bob Evans Farms, Inc.	Panera Bread Co.
Brinker International, Inc.	Petsmart Inc.
Cheesecake Factory, Inc.	RadioShack Corp.
Chipotle Mexican Grill, Inc.	Ruby Tuesday, Inc.
Darden Restaurants, Inc.	Tractor Supply, Inc.
DineEquity, Inc.	The Wendy s Company

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The peer group used in 2012 is the same as the peer group used in 2011, with the exceptions of Burger King Holdings, Inc. and Landry s Restaurant, Inc., which were included in the peer group in 2011 but were removed for 2012 as each is no longer a publicly traded company.

Management and the Compensation Committee, with Cook & Co. s assistance, regularly evaluate the marketplace to ensure that our compensation programs remain competitive. In addition to its review of data from the peer group, the Compensation Committee also from time to time consults data from published compensation surveys to assess more generally the competitiveness and the reasonableness of our compensation programs. To the extent that the Compensation Committee benchmarks compensation, it relies only on comparisons to the enumerated peer group and survey data. The Compensation Committee, however, does not believe that compensation levels and design should be based exclusively on benchmarking and, therefore, considers various business factors and each executive s individual circumstances and role within our organization.

Overview of Compensation Elements

We strive to achieve an appropriate mix between cash payments and equity incentive awards in order to meet our objectives by rewarding recent results and motivating long-term performance. The Compensation Committee evaluates the overall total direct compensation package relative to market conditions, but does not specifically target any percentile for each element of total direct compensation. In conducting this evaluation, the Compensation Committee s goal is to ensure that a significant majority of each executive officer s total direct compensation opportunity is contingent upon Company performance and shareholder value creation. The Compensation Committee reviews the compensation mix of each executive on a comprehensive basis to determine if we have provided the appropriate incentives to accomplish our compensation objectives.

In general, our compensation policies have provided for a more significant emphasis on long-term equity compensation than on annual cash compensation for our executive officers. Our long-term equity compensation consists of (i) a long-term performance plan (LTPP) that provides for awards of performance shares tied to successful achievement of pre-determined ROIC goals over a two year period, and (ii) performance-based market stock units (MSU Grants) tied to TSR over a three year period. This pay mix supports their roles in enhancing value to shareholders over the long-term. The Compensation Committee believes that the Company s 2012 pay mix supports the Company s strong pay for performance culture, as approximately 80% of our Chief Executive Officer s target total direct compensation and approximately 69% of our other named executive officers target total direct compensation are contingent upon the Company s measurable performance to have any realizable value.

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The following table summarizes the basic elements of our compensation programs and describes the behavior and/or qualities exhibited by our executive officers that each element is designed to encourage as well as the underlying purpose for that element of our compensation program:

Pay Element	What the Pay Element Rewards	Purpose of the Pay Element
Base Salary	Skills, experience, competence, performance, responsibility, leadership and contribution to the Company	Provide fixed compensation for daily responsibilities
Annual Bonus Plan	Rewards annual achievement of profitability targets	Focus attention on meeting annual performance targets and our near-term success, provide additional cash compensation and incentives based on our annual performance
Long-Term Incentives	Achieving multi-year: (i) ROIC targets and (ii) positive TSR	Focus attention on meeting longer-term performance targets and our long-term success, create alignment with shareholders by focusing efforts on longer-term financial returns, and retain management in a competitive marketplace
Health and welfare benefits	Provides medical coverage as well as death/disability benefits	Designed to provide a level of safety and security for executives and their families (as applicable) that allows executives to focus their efforts on running the business effectively
Severance and change-in-control provisions/agreements	Provides payments and other benefits upon termination of employment	Designed to ensure that executive officers remain focused on maximizing shareholder value even during transitions or potential transactions

We believe our compensation programs are consistent with best practices for sound corporate governance. We do **NOT**:

execute employment agreements containing multi-year guaranties for salary increases, non-performance bonuses or automatic renewals (i.e. evergreen agreements) for those executive officers that have employment agreements currently only our Chief Executive Officer and retiring Executive Chairman;

Provide excessive perquisites for executives;

Gross-up payments to cover personal income taxes or excise that pertain to executive or severance benefits; or

Provide special executive retirement programs.

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Base Salary

The Compensation Committee reviews our executive officers base salaries annually at the end of the fiscal year and establishes the base salaries for the upcoming fiscal year. Base salary for our executive officers is determined after consideration of numerous factors, including, but not limited to: scope of work, skills, experience, responsibilities, performance and seniority of the executive, peer group salaries for similarly-situated positions and the recommendation of the Chief Executive Officer (except in the case of her own compensation). Ms. Cochran s salary is set per her employment agreement, subject to increases at the discretion of the Compensation Committee. The Company views base salary as a fixed component of executive compensation that compensates the executive officer for the daily responsibilities assumed in operating the Company throughout the year.

Among the Named Executive Officers, in 2012, the Compensation Committee, in recognition of the difficult economic climate, determined not to increase the base salaries of our Named Executive Officers, except in connection with promotions. Base salaries for 2011 and 2012 for the Named Executive Officers were as follows:

Named Executive Officer	2011 Base Salary	2012 Base Salary	Percent Change
Sandra B. Cochran	$ 625,000	$ 869,792(1)	39.2%
Michael A. Woodhouse	$ 1,100,000	$ 788,447(2)	-28.3%
Lawrence E. Hyatt	$ 475,000	$ 475,000	0%
Douglas E. Barber	$ 451,250(3)	$ 435,000	-3.60%
Edward A. Greene	$ 364,619	$ 364,619	0%
Nicholas V. Flanagan(4)	$ 282,750	$ 314,792	11.3%

(1) Reflects a prorated amount based on Ms. Cochran s service during fiscal 2012 as both our President and Chief Operating Officer (for six weeks), with a base salary of $625,000, and our President and Chief Executive Officer (for the remainder of the fiscal year), with a base salary of $900,000. Ms. Cochran s base salary as our Chief Executive Officer is 18.2% below the base salary of the previous Chief Executive Officer.

(2) Reflects a prorated amount based on Mr. Woodhouse s service during fiscal 2012 as both our Chief Executive Officer (for six weeks), with a base salary of $1,100,000, and our Executive Chairman (for the remainder of the fiscal year), with a base salary of $750,000.

(3) Reflects a prorated amount based on Mr. Barber s service during fiscal 2011 as both our Executive Vice President and Chief Operating Officer, with a base salary of $500,000 and his service as our Executive Vice President and Chief People Officer with a base salary of $435,000.

(4) Reflects Mr. Flanagan s base salary as our Vice President of Restaurant Operations in fiscal 2011 and our Senior Vice President of Operations in fiscal 2012.

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Annual Bonus Plan

The annual bonus plan generally provides our executive officers with the opportunity to receive additional cash compensation based on a targeted percentage of base salary, but only if the Company successfully meets established performance targets. For 2012, executive officers were eligible to receive a bonus, depending upon the Company s operating income performance relative to a target set at the beginning of the fiscal year. The following graph reflects the various potential payout levels at different levels of performance:

In determining whether the operating income performance metrics were satisfied in 2012, the Compensation Committee used adjusted operating income of $197.8 million rather than operating income calculated according to GAAP of $191.0 million. The adjusted operating income figure excludes the effects of the following charges and expenses: (i) approximately $1.7 million in severance charges incurred in connection with a cost reduction and organizational streamlining initiative carried out in April 2012 and (ii) approximately $5.2 million in expenses incurred in the second quarter of 2012 related to the proxy contest with Biglari Holdings.

For 2012, the Company s target operating income was $186.3 million and the Company achieved an adjusted operating income of $197.8 (see page 66 for calculation of applicable adjustments), which exceeds the target operating income by 6.2%. As a result of the Company s performance, annual bonus payouts were 120.85% of the target percentage of base salary (see table below).

	2012 Operating Income Goals		Actual 2012 Operating Income Performance ($000)	2012 Annual Bonus Plan Payout
	Performance Range ($000)	Payout Range (% of target)		
Threshold	$ 158,338	30%		
Target	$ 186,280	100%	$ 197,838	120.85%
Maximum	$ 214,222	200%		

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The following table sets forth (i) target bonuses during 2012 for the Named Executive Officers, expressed both as a percentage of base salary and in absolute amounts, and (ii) the actual bonuses received by the Named Executive Officers under the 2012 annual bonus plan:

Named Executive Officer	2012 Base Salary	2012 Bonus Target Percentage	2012 Bonus Target	Actual Payout Percentage	2012 Actual Bonus
Sandra B. Cochran(1)	$ 869,792	100%	$ 869,792	120.85%	$ 1,051,144
Michael A. Woodhouse(2)	$ 788,447	104%	$ 822,587	125.68%	$ 994,096
Lawrence E. Hyatt	$ 475,000	70%	$ 332,500	84.60%	$ 401,826
Douglas E. Barber	$ 435,000	70%	$ 304,500	84.60%	$ 367,988
Edward A. Greene	$ 364,619	50%	$ 182,310	60.43%	$ 220,321
Nicholas V. Flanagan	$ 314,792	60%	$ 188,750	72.51%	$ 228,256

(1) Reflects a prorated amount based on Ms. Cochran s service during fiscal 2012 as both our President and Chief Operating Officer (for six weeks), with a base salary of $625,000 and a bonus target of 100% of base salary, and on her service as our President and Chief Executive Officer (for the remainder of the fiscal year), with a base salary of $900,000 and a bonus target of 100% of base salary. As a percentage of base salary, Ms. Cochran s bonus target as Chief Executive Officer is 25 percentage points less than the bonus target of the previous Chief Executive Officer.

(2) Reflects a prorated amount based on Mr. Woodhouse s service during fiscal 2012 as both our Chief Executive Officer (for six weeks), with a base salary of $1,100,000 and a bonus target of 125% of base salary, and on his service as our Executive Chairman (for the remainder of the fiscal year), with a base salary of $750,000 and a bonus target of 100% of base salary

The above 2012 annual bonuses are reflected in the 2012 Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 32 of this proxy statement.

Long-Term Incentives

The Compensation Committee believes that long-term incentives, particularly equity-based awards, provide a strong alignment of the interests of shareholders and executives. Therefore, a significant portion of our executive officers total compensation is provided in the form of equity awards. Since the adoption of the 2010 Omnibus Stock and Incentive Plan (the 2010 Omnibus Plan), our long-term incentive programs have concentrated on awards of performance-based share units, which are aimed at delivering rewards in return for our executives contributions to generating long-term shareholder returns through business-building efforts and successful strategic planning. By using two equally weighted performance-based equity vehicles, the Compensation Committee reinforces its commitment towards a pay-for-performance philosophy and long-term alignment between management pay outcomes and shareholder value creation.

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Long-Term Incentive Arrangements for 2012

Overview. In 2012, the Company s equity compensation to executive officers was governed by the 2012 Long-Term Incentive Program. The 2012 Long-Term Incentive Program, which was adopted at the start of the 2012 fiscal year, consists of two components of substantially equal value at the time of grant: (i) the LTPP that provides for awards of performance shares tied to successful achievement of pre-determined ROIC goals over a two year performance period, and (ii) MSU Grants tied to TSR over a three year performance period. For the 2012 Long-Term Incentive Program, the award types, performance periods and metrics for each of the two plan components are as follows:

Each year the Compensation Committee approves equity grants to executive officers in the Long-Term Incentive Program. The grant date value of these grants for 2012 (to be earned based on future performance) was calculated as a function of each executive officer s LTPP Percentage and MSU Percentage which represent the target opportunities, expressed as a percentage of the executive officer s base salary. The LTPP Percentage and MSU Percentage for the executive officers were established by the Compensation Committee simultaneously with the establishment of the 2012 Long-Term Incentive program. The LTPP Percentage and MSU Percentage were then used to derive a target award, expressed as a number of shares, that would be awardable depending on whether and to what extent the Company meets or exceeds targets for the relevant performance metrics for each of the plan components.

2012 LTPP. Under the 2012 LTPP, the executive officer is eligible to receive an award (a 2012 LTPP Award) of up to 200% of a target number of shares that is calculated by dividing (i) the product of (x) the executive officer s LTPP Percentage for the plan year multiplied by (y) his or her base salary at the time the LTPP target award is determined multiplied by (z) an adjustment factor of 1.5[2] by (ii) the average closing price of the Company s common stock during the last 30 calendar days of fiscal 2011 and the first 30 calendar days of fiscal 2012, which was $44.26. Actual awards based on

[2] The adjustment factor of 1.5 was established by the Compensation Committee and applies only to the 2011 LTPP and 2012 LTPP in consequence of the Company s transition from the shorter performance periods under the 2010 Long-Term Incentive Plan to a two-year performance period. This transition resulted in no opportunity for award shares to be made to participants at the beginning of fiscal 2012 because no performance period was ending at the end of the 2011 fiscal year. The adjustment factor will not apply to LTPPs for years after 2012.

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these LTPP targets are determined at the end of the applicable performance period and are forfeited (with the exception of awards granted to Ms. Cochran) if, prior to that time, a participant is terminated or voluntarily resigns (other than as a result of retirement by an individual who meets the retirement-eligible conditions of 60 years of age and at least five years of service, for which such awards will be prorated for time served).

The performance target for LTPP performance is ROIC, measured over a two-year performance period. For the 2012 LTPP, the Compensation Committee set a target of cumulative ROIC over fiscal years 2012 and 2013.

At the end of the performance period, the Compensation Committee determines final award amounts based on Company performance relative to these targets. Awards under the 2012 LTPP will be determined after the conclusion of the 2012 LTPP s performance period covering the 2012 and 2013 fiscal years. The following table summarizes targets and maximum eligible awards under the 2012 LTPP for each of our Named Executive Officers:

Named Executive Officer	LTPP Percentage	Base Salary	LTPP Target Value	LTPP Target Shares	LTPP Max. Award
Sandra B. Cochran(1)	122%	$ 869,792	$ 1,593,758	36,009	72,018
Michael A. Woodhouse(2)	83%	$ 788,447	$ 996,071	22,505	45,010
Lawrence E. Hyatt	65%	$ 475,000	$ 463,092	10,463	20,926
Douglas E. Barber	65%	$ 435,000	$ 424,099	9,582	19,164
Edward A. Greene	37%	$ 364,619	$ 205,057	4,633	9,266
Nicholas V. Flanagan(3)	37%	$ 314,792	$ 168,719	3,812	7,624

(1) Reflects a prorated amount based on Ms. Cochran s service during fiscal 2012 as our President and Chief Operating Officer (for six weeks), and her service as our President and Chief Executive Officer (for the remainder of the fiscal year). In addition, her prorated LTPP Percentages were 100% and 125%, respectively, which led to the prorated percentage of approximately122%. Ms. Cochran s LTPP target shares and target value were determined based on an estimation of her fiscal 2012 salary at the time of her promotion.

(2) Reflects a prorated amount based on Mr. Woodhouse s service during fiscal 2012 as our Chief Executive Officer (for six weeks), and his service as our Executive Chairman (for the remainder of the fiscal year). In addition, his prorated 2012 LTPP Percentages were 125% and 75%, respectively, which led to the prorated percentage of approximately 83%.

(3) Mr. Flanagan s annual salary for fiscal 2012 was $314,792 but was $300,000 at the time his 2012 LTPP target was determined.

2012 MSU Grant. Under the 2012 MSU Grant, the executive officer is eligible to receive a target award of MSUs that is calculated by dividing (i) the product of (x) the executive s MSU Percentage for the plan year multiplied by (y) his or her base salary at the time the MSU Grant target award is determined by (ii) the average closing price of the Company s common stock during the last 30 calendar days of fiscal 2011 and the first 30 calendar days of fiscal 2012, which was $44.26. Under the 2012 MSU Grant, our executive officers are eligible to receive an award of MSU Grants in an amount of up to 150% of these targets in direct proportion to any percentage increase in the Company s cumulative TSR (up to 150%) over the three-year performance period for the plan. Actual awards based on these targets are distributable at the end of the performance period and are forfeited (with the exception of awards granted to Ms. Cochran) if, prior to that time, a participant is terminated or voluntarily resigns (other than as a result of retirement by an individual who meets the retirement-eligible conditions of 60 years of age and at least five years of service, for which such awards will be prorated for time served).

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Each Named Executive Officer s target and maximum eligible award under the 2012 MSU Grant are as follows:

Named Executive Officer	MSU Percentage	Base Salary	MSU Target Value	MSU Grant Target	MSU Grant Max. Award
Sandra B. Cochran(1)	122%	$ 869,792	$ 1,062,461	24,005	36,007
Michael A. Woodhouse(2)	83%	$ 788,447	$ 663,989	15,002	22,503
Lawrence E. Hyatt	65%	$ 475,000	$ 308,714	6,975	10,462
Douglas E. Barber	65%	$ 435,000	$ 282,733	6,388	9,582
Edward A. Greene	37%	$ 364,619	$ 136,719	3,089	4,633
Nicholas V. Flanagan(3)	37%	$ 314,792	$ 112,465	2,541	3,812

(1) Reflects a prorated amount based on Ms. Cochran s service during fiscal 2012 as our President and Chief Operating Officer (for six weeks), and her service as our President and Chief Executive Officer (for the remainder of the fiscal year). In addition, her prorated MSU Percentages were 100% and 125%, respectively, which led to the prorated percentage of approximately 122%. Ms. Cochran s MSU Grant target was determined based on an estimation of her fiscal 2012 salary at the time of her promotion.

(2) Reflects a prorated amount based on Mr. Woodhouse s service during fiscal 2012 as our Chief Executive Officer (for six weeks), and his service as our Executive Chairman (for the remainder of the fiscal year). In addition, his prorated 2012 MSU Percentages were 125% and 75%, respectively, which led to the prorated percentage of approximately 83%.

(3) Mr. Flanagan s annual salary for fiscal 2012 was $314,792 but was $300,000 at the time his 2012 MSU Grant target was determined.

Burn Rate Related to Long-Term Incentive Equity Grants

In connection with the approval of the 2010 Omnibus Plan by the Company s shareholders, our Board of Directors committed to the Company s shareholders that, in order to address potential shareholder concerns regarding the number of performance shares we intend to grant in a given year, during fiscal years 2011, 2012 and 2013 the Board would not grant a number of performance shares to employees or non-executive directors at an average rate greater than 3.06% of the weighted-average number of shares of the Company s common stock outstanding over such three year period. The annual burn rate is a ratio in which the numerator is equal to the sum of all shares awarded during the fiscal year (including any form of equity that depletes the plan reserve) and the denominator is equal to the weighted-average basic common shares outstanding for that fiscal year. For purposes of calculating the number of shares granted in a year, any full-value awards (*e.g.*, performance shares) will count as equivalent to 2.5 shares. During 2012, the Company s burn rate calculated according to this formula was 2.24% of the outstanding shares of common stock.

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Payment of 2011 LTPP Awards

On September 13, 2012, the Compensation Committee reviewed and certified the awards granted to executive officers under the 2011 LTPP (the 2011 LTPP Awards). The Compensation Committee set a cumulative ROIC target under the 2011 LTPP of 15.9% for the two-year performance period of fiscal years 2011 and 2012. The Company achieved a cumulative ROIC of 16.0% for this two-year performance period, resulting in 2011 LTPP Awards that were 101.27% of the target number of 2011 LTPP Awards originally granted in fiscal 2011.

The performance target for LTPP performance is an internal ROIC based metric to measure effective returns from working capital and capital investments. For the purposes of the 2011 LTPP Awards, the Company achieved a 16.0% ROIC. The Company calculates ROIC as follows:

The average fiscal year end balance for 2011 and 2012 adjusted operating incomes + rents

The average for fiscal years 2010, 2011 and 2012 of

(Inventory+ Net Property Held for Sale Accounts Payable + Net PP&E + Capitalized leases)

Health and Welfare Benefits

We offer a group insurance program consisting of life, disability and health insurance benefit plans that cover all full-time management and administrative employees and a supplemental group term life insurance program, which covers our Named Executive Officers and certain other management personnel. Aside from the annual recalibration of benefit costs and the associated premium changes that affect all participants, no significant changes were made to our health and welfare benefits for our Named Executive Officers during 2012.

Severance and Change in Control Provisions

None of our current Named Executive Officers has an employment agreement, other than Ms. Cochran and Mr. Woodhouse, whose agreements are described on pages 40 and 41 of this proxy statement and govern their arrangements relating to severance and/or a change in control of the Company.

Effective May 22, 2012, all of our other Named Executive Officers have entered into management retention agreements. Under these agreements, which have a three-year term, such Named Executive Officers receive severance benefits of 12-18 months base salary, depending on their position and length of service. These management retention agreements require a double trigger (change-in-control coupled with termination of employment without cause or for good reason (as defined in the agreements)) before the Named Executive Officer will receive the following benefits:

- 3.0 (for those holding the title of Executive Vice President) or 2.0 (for all other Named Executive Officers) times the sum of (i) their average base salary during the three years prior to termination and (ii) their average bonus payments during the three years prior to termination;
- 18 months continuation of benefits under COBRA, reimbursed by the Company; and
- Acceleration of all unvested equity awards.

These agreements do not contain an evergreen feature (i.e. they do not automatically renew) and do not provide for excise tax gross-up protection.

Potential payments pursuant to these agreements under various termination scenarios are more fully described under COMPENSATION TABLES AND INFORMATION Potential Payments Upon Termination or Change in Control below, including the table on page 38 of this proxy statement.

Additionally, these agreements obligate such Named Executive Officers (i) not to work as an employee or consultant for any multi-unit restaurant business that offers full service family or casual dining for a period of one year following the severance event and (ii) not to solicit the employees of the Company for a period of 18 months following the severance event.

These agreements are intended to ensure that the Company will have the continued dedication, undivided loyalty, and objective advice and counsel from these key executives in the event of a proposed transaction, or the threat of a transaction, which could result in a change in control of the Company. When establishing our management retention agreements, the Compensation Committee intended to provide our Named Executive Officers with adequate financial security so that they could focus on achieving successful business continuity. We believe that the provision of severance and benefits and change in control protection for our Named Executive Officers is consistent with market practice, is a valuable executive talent retention provision, and is consistent with the objectives of our overall executive compensation program.

Perquisites/Retirement Benefits

We provide very limited perquisites and other benefits to our Named Executive Officers aside from participation in benefit plans that are broadly applicable to our employees. Any perquisites that are received by Named Executive Officers are reflected in the Summary Compensation Table on page 32 of this proxy statement under the All Other Compensation column and related footnote. In particular:

- With the exception of Mr. Flanagan, who had use of a Company vehicle in 2012 but no longer does, Named Executive Officers do not have use of a Company vehicle;
- Named Executive Officers may not schedule the Company aircraft for personal travel;
- We do not have a defined benefit pension plan or SERP; and
- With the exception of certain limited payments that were provided for Ms. Cochran and Mr. Woodhouse in partial reimbursement for legal fees incurred in negotiating their respective employment agreements and for Messrs. Woodhouse and Barber and Ms. Cochran in reimbursement of expenses relating to home security during 2011 and 2012, we do not provide a number of perquisites that are

provided by other companies, such as club memberships, drivers or financial planning.

Employment Agreement Amendment with Michael A. Woodhouse

On August 6, 2012, Michael A. Woodhouse, Executive Chairman of the Company, entered into an amendment (the Amendment) to his Employment Agreement, dated September 12, 2011. Pursuant to the terms

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of the Amendment, Mr. Woodhouse will retire as Executive Chairman effective November 7, 2012 (the Term , as defined by the Amendment being the period of employment from September 12, 2011 through November 7, 2012). The Amendment also clarifies that Mr. Woodhouse will (i) forfeit (regardless of corporate achievement of performance milestones) all awards of MSU Grants under the Company s 2011 MSU Grant that were scheduled to vest in August 2013, (ii) receive a pro rata award of performance shares and MSU Grants under the Company s 2012 Long-Term Incentive Program based on service through the end of the Term and (iii) receive, with respect to any additional long term incentive plan established by the Company during the Term, a pro rata award based on service through the end of the Term. Mr. Woodhouse shall receive, subject to his completion of service through the Term, a cash payment of $900,000, payable following execution of a release of claims. This severance was negotiated and is in exchange for compliance with future restrictive covenants and clarification and proration of certain equity awards, including forfeiture of the 2011 MSU Grant and proration of other grants, as described above. In addition, the Company will provide reimbursement of up to $25,000 in legal fees incurred by Mr. Woodhouse associated with negotiation of the Amendment and related matters and COBRA premium payments for up to 18 months following the Term.

Other Executive Compensation Policies and Guidelines

Stock Ownership Guidelines

We have stock ownership guidelines (the Ownership Guidelines) covering all executive officers, which are posted on our website at www.crackerbarrel.com. The Ownership Guidelines emanate from the Compensation Committee s belief that executives and directors should accumulate a meaningful level of ownership in Company stock to align their interests with shareholders. In 2012, the Compensation Committee revised the Ownership Guidelines to be based on a multiple of base salary for executive officers and the total annual cash retainer for non-employee directors. The Chief Executive Officer s guideline is five times base salary, the Chief Financial Officer s and any Executive Vice President s guideline is three times base salary and any other executive officer s guideline is two times base salary. No officer may sell or otherwise dispose of any shares until his or her aggregate ownership satisfies these requirements. Similarly, our non-employee directors are subject to a guideline of the greater of (i) 5,000 shares and (ii) five times the annual cash retainer paid to such non-employee director.

Executive officers and non-employee directors must retain 100% of the net number of shares of common stock acquired (after payment of exercise price, if any, and taxes) upon the exercise of stock options and the vesting of restricted stock or restricted stock units granted until they achieve the guideline. Once achieved, ownership of the guideline amount must be maintained for as long as the executive officers and non-employee directors are subject to the Ownership Guidelines. Executive Officers and non-employee directors who do not comply with the Ownership Guidelines may not be eligible for future equity awards. If an executive officer or non-employee director falls below the required ownership threshold, he or she will be prohibited from selling shares of Company common stock until he or she meets the ownership thresholds.

Anti-Hedging Policy

In 2012, the Compensation Committee adopted an anti-hedging policy (the Anti-Hedging Policy) to prohibit directors and officers from directly or indirectly engaging in hedging against future declines in the market value of the Company s securities through the purchase of financial instruments designed to offset such risk. The Compensation Committee considers it improper and inappropriate for directors and officers of the Company to hedge or monetize transactions to lock in the value of the Company s securities. When that occurs, the director s or officer s incentives and objectives may be less closely aligned with those of the Company s other shareholders, and the director s or officer s incentive to improve the Company s performance may be (or may appear to be) reduced.

Under the Anti-Hedging Policy, no director of officer may, directly or indirectly, engage in any hedging transaction that reduces or limits the director s or officer s economic risk with respect to the director s or officer s holdings, ownership or interest in the Company s securities, including outstanding stock options, stock

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appreciation rights or other compensation awards the value of which are derived from, referenced to or based on the value or market price of the Company s securities.

Prohibited transactions include the purchase by a director or officer of financial instruments, including, without limitation, prepaid variable forward contracts, equity swaps, collars, puts, calls or other derivative securities that are designed to hedge or offset a decrease in market value of the Company s securities.

Compensation Risk Analysis

The Compensation Committee is responsible for overseeing our incentive compensation arrangements, for aligning such arrangements with sound risk management and long-term growth and for verifying compliance with applicable regulations. The Compensation Committee conducted an internal assessment of our executive and non-executive incentive compensation programs, policies and practices. The Compensation Committee reviewed and discussed: the various design features and characteristics of the Company-wide compensation policies and programs; performance metrics; and approval mechanisms of all incentive programs. Based on this assessment and after discussion with management and Cook & Co., the Compensation Committee has concluded that our incentive compensation arrangements and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Recoupment Provisions

The Company may recover any incentive compensation awarded or paid pursuant to an incentive plan based on (i) achievement of financial results that were subsequently the subject of a restatement due to material noncompliance with any financial reporting requirement under either GAAP or the federal securities laws, other than as a result of changes to accounting rules and regulations, or (ii) a subsequent finding that the financial information or performance metrics used by the Compensation Committee to determine the amount of the incentive compensation were materially inaccurate, in each case regardless of individual fault. In addition, the Company may recover any incentive compensation awarded or paid pursuant to any incentive plan based on a participant s conduct which is not in good faith and which materially disrupts, damages, impairs or interferes with the business of the Company and its affiliates.

Impact of Tax and Accounting Treatments on Compensation

Although the accounting and tax treatment of executive compensation generally has not been a factor in the Compensation Committee s decisions regarding the amounts of compensation paid to our executive officers, it has been a factor in the compensation mix as well as the design of compensation programs. We have attempted to structure our compensation to maximize the tax benefits to the Company (e.g., deductibility for tax purposes) and to appropriately reward performance. The accounting treatment of differing forms of equity awards presently used to compensate our executives vary. However, the accounting treatment is not expected to have a material effect on the Compensation Committee s selection of differing types of equity awards.

Sections 280G and 4999

As described above, we provide our Named Executive Officers with management retention agreements. These agreements provide for severance payments following a termination in connection with a change in control of the Company under certain circumstances. None of our Named Executive Officers has a right under these management retention agreements or otherwise to receive any gross-up payment to reimburse such executive officer for any excise tax under Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended (the Code).

Section 162(m)

Section 162(m) of the Code imposes a $1.0 million limit on the amount a public company may deduct for compensation paid to its Chief Executive Officer or any of our four other most highly compensated executive

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officers (excluding our chief financial officer, who the Internal Revenue Service has indicated may be excluded) who are employed by the Company as of the end of the fiscal year. However, the limit described in Section 162(m) does not apply to compensation that satisfies the requirements of Section 162(m) for qualifying performance-based compensation. The Compensation Committee attempts to maximize deductibility of compensation under Section 162(m) to the extent practicable while maintaining a competitive, performance-based compensation program. However, the Compensation Committee also believes that it must (and does) reserve the right to award compensation which it deems to be in our best interest and our shareholders, but which may not be fully tax deductible under Section 162(m).

The Company intends for payments under the annual bonus plan to qualify as performance based compensation under Section 162(m) of the Code. For 2012, the Compensation Committee approved the establishment of the bonus pool which is funded based on the achievement of operating income. If the Company achieved an operating income of less than $158.3 million then the bonus pool would not fund and no payouts would be made under the bonus plan. Actual bonus payments to individual executives are based on the achievement of performance criteria set forth under ELEMENTS OF COMPENSATION PROGRAM Annual Bonus Plan, on pages 23 and 24.

Likewise, the Company also intends for awards made under its various long-term incentive plans to qualify as performance based compensation under Section 162(m) of the Code to the maximum extent permitted under the 2010 Omnibus Plan. As with the annual bonus plan, eligibility to receive awards under the long-term incentive plans is dependent upon the Company s operating income performance during the applicable performance period. For example, for the 2012 MSU Grant, the operating income threshold is $450.0 million over the three-year performance period. If these operating income performance goals are not met, then no award will be made under the applicable plan to any executive officer participating in the plan. If, however, the applicable operating income performance goal is met, then each participant in the applicable plan will become eligible to receive an equity award determined according to the performance criteria described under ELEMENTS OF COMPENSATION PROGRAM Long-Term Incentives, above.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis (CD&A) included in this proxy statement. Based on its review and discussions of the CD&A with management, the Compensation Committee recommended to the Board of Directors that the CD&A be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K for 2012.

This report has been submitted by the members of the Compensation Committee:

Coleman H. Peterson, Chair

Robert V. Dale

Richard J. Dobkin

Charles E. Jones, Jr.

Andrea M. Weiss

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COMPENSATION TABLES AND INFORMATION

Summary Compensation Table

The following table sets forth information regarding the compensation for the Named Executive Officers during 2010, 2011 and 2012.

Name and Principle Position	Year	Salary(1)(2) ($)	Stock Awards(3) ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation(4) ($)	Total ($)
Sandra B. Cochran, President & Chief Executive Officer	2012	$ 869,792	$ 2,421,606	$ 0	$ 1,051,144	$ 83,692	$ 4,426,234
	2011	$ 593,750	$ 1,659,163	$ 0	$ 542,984	$ 258,209	$ 3,054,106
	2010	$ 500,000	$ 742,488	$ 450,283	$ 1,000,000	$ 141,774	$ 2,834,545
Michael A. Woodhouse, Executive Chairman	2012	$ 788,447	$ 1,513,448	$ 0	$ 994,096	$ 137,227	$ 3,433,218
	2011	$ 1,100,000	$ 3,946,251	$ 0	$ 1,257,437	$ 133,756	$ 6,437,444
	2010	$ 1,000,000	$ 2,121,471	$ 1,286,522	$ 2,500,000	$ 29,108	$ 6,937,101
Lawrence E. Hyatt, Senior Vice President, Chief Financial Officer	2012	$ 475,000	$ 703,624	$ 0	$ 401,826	$ 2,160	$ 1,582,610
	2011	$ 277,083	$ 963,863	$ 0	$ 177,375	$ 50,975	$ 1,469,296
Nicholas V. Flanagan, Senior Vice President, Operations	2012	$ 314,792	$ 1,155,544	$ 0	$ 228,256	$ 6,623	$ 1,705,215
Douglas E. Barber, Executive Vice President, Chief People Officer	2012	$ 435,000	$ 644,390	$ 0	$ 367,988	$ 49,001	$ 1,496,379
	2011	$ 451,250	$ 967,331	$ 0	$ 323,160	$ 39,719	$ 1,781,460
	2010	$ 500,000	$ 848,579	$ 514,609	$ 1,000,000	$ 17,011	$ 2,880,199
Edward A. Greene, Senior Vice President Strategic Initiatives	2012	$ 364,619	$ 311,583	$ 0	$ 220,322	$ 18,007	$ 914,531
	2011	$ 364,619	$ 640,045	$ 0	$ 166,722	$ 15,349	$ 1,186,735

(1) Ms. Cochran, our President and Chief Executive Officer, assumed her current position in September 2011. Prior to that, she served as our President and Chief Operating Officer from November 2010 through the end of the 2011 fiscal year. Ms. Cochran s fiscal 2012 salary reflects a prorated amount based on Ms. Cochran s service during fiscal 2012 as our President and Chief Operating Officer for six weeks, with a base salary of $625,000, and her service as our President and Chief Executive Officer for the remainder of the fiscal year, with a base salary of $900,000.

(2) Mr. Woodhouse served as our Chairman and Chief Executive Officer through September 2011 and assumed his current position in September 2011. Mr. Woodhouse s fiscal 2012 salary reflects a prorated amount based on Mr. Woodhouse s service during fiscal 2012 as both our Chief Executive Officer, for six weeks, with a base salary of $1,100,000, and our Executive Chairman, for the remainder of the fiscal year, with a base salary of $750,000.

(3) The amounts disclosed in this column reflect the aggregate grant date fair value of awards made in fiscal 2010, 2011 and 2012 calculated in accordance with Financial Accounting Standards Board Accounting Standard Code Topic 718 (ASC Topic 718). For performance-based awards, the aggregate grant date fair value has been determined assuming the probable outcome of the performance condition on the date of the grant (i.e., the achievement of the target performance level). Assuming an outcome of the performance conditions at the maximum level, the aggregate grant date fair values of the awards made in fiscal 2012 are as follows:

Name	Year	Aggregate Grant Date Fair Value at Maximum Performance Level
Sandra B. Cochran	2012	$ 4,359,970
Michael A. Woodhouse	2012	$ 2,724,886
Lawrence E. Hyatt	2012	$ 1,266,841
Nicholas V. Flanagan	2012	$ 1,810,337
Douglas E. Barber	2012	$ 1,160,189
Edward A. Greene	2012	$ 560,984

For information regarding the compensation cost of the awards and the assumptions used to calculate grant date fair value of the awards, see Note 11 to the Consolidated Financial Statements included or incorporated by reference in the Company s Annual Reports on Form 10-K for fiscal 2012 and 2011, and Note 12 to the Consolidated Financial Statements included or incorporated by reference in the Company s Annual Report on Form 10-K for fiscal 2010.

(4) The table below sets forth information regarding each component of compensation included in the All Other Compensation column of the Summary Compensation Table above.

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		Life Insurance	Long-term Disability	Dividend Equivalents on Shares of Restricted Stock	Company Match Under Non-Qualified Deferred Compensation Plan	Company Match Under 401(k) Plan	Other (1)	Total
Sandra B. Cochran	2012	$ 990	$ 1,170	$ 34,867	$ 21,197	$ 0	$ 25,468	$ 83,692
Michael A. Woodhouse	2012	$ 990	$ 1,170	$ 99,619	$ 24,126	$ 0	$ 11,322	$ 137,227
Lawrence E. Hyatt	2012	$ 990	$ 1,170	$ 0	$ 0	$ 0	$ 0	$ 2,160
Nicholas V. Flanagan	2012	$ 932	$ 1,170	$ 0	$ 4,521	$ 0	$ 0	$ 6,623
Douglas E. Barber	2012	$ 990	$ 1,170	$ 39,848	$ 6,525	$ 0	$ 468	$ 49,001
Edward A. Greene	2012	$ 990	$ 1,170	$ 10,378	$ 5,469	$ 0		