CRACKER BARREL OLD COUNTRY STORE, INC
Form PRER14A
October 25, 2011
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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

Dear Shareholder:

We have enclosed with this letter the proxy statement for our 2011 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 Tuesday, December 20, 2011, 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 eleven 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, (4) selection, on an advisory basis, of the frequency (annual, biennial or triennial) with which shareholders of the Company will have an advisory vote on the compensation of the Company s named executive officers, (5) approval of an Agreement and Plan of Merger effecting an internal restructuring of the Company through a merger of the Company with and into CBOCS, Inc., the Company s wholly owned subsidiary, and (6) ratification of the appointment of Deloitte & Touche LLP as Cracker Barrel 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 stated their intention to propose one alternative director nominee, Sardar Biglari, the chairman and chief executive officer of Biglari Holdings, for election at the Annual Meeting.

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 using 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,

/s/ Michael A. Woodhouse	/s/ Sandra B. Cochran
Michael A. Woodhouse *Executive Chairman*	Sandra B. Cochran *President and Chief Executive Officer*

, 2011

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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305 Hartmann Drive

Lebanon, Tennessee 37087

Notice of Annual Meeting of Shareholders

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE OF MEETING:	December 20, 2011
TIME OF MEETING:	10:00 a.m. Central Time
PLACE OF MEETING: Lebanon, Tennessee 37087	305 Hartmann Drive
ITEMS OF BUSINESS:	(1) to elect eleven 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 select, on an advisory basis, the frequency (annual, biennial or triennial) with which shareholders of the Company will have an advisory vote on the compensation of the Company s named executive officers;
	(5) to approve an Agreement and Plan of Merger effecting an internal restructuring of the Company through a merger of the Company with and into CBOCS, Inc., the Company s wholly owned subsidiary;
	(6) to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2012 fiscal year; and

(7) to conduct other business properly brought before the meeting.

WHO MAY VOTE/ RECORD DATE: You may vote if you were a shareholder of record on October 14, 2011.

DATE OF MAILING: This proxy statement and the form of proxy are first being mailed or provided to shareholders on or about **[ ]**, 2011.

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.

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Please note that Biglari Holdings Inc. and certain affiliated entities (collectively, Biglari Holdings) have provided notice to the Company that Biglari Holdings intends to nominate an alternative director candidate, Sardar Biglari, the chairman and chief executive officer of Biglari Holdings. **Our Board of Directors does not endorse the election of Biglari Holdings nominee.** 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 nominee 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.

Even 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,

/s/ N.B. Forrest Shoaf

N.B. Forrest Shoaf

Secretary

Lebanon, Tennessee

, 2011

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CRACKER BARREL OLD COUNTRY STORE, INC.

305 Hartmann Drive

Lebanon, Tennessee 37087

Telephone: (615) 444-5533

PROXY STATEMENT FOR 2011 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 Tuesday, December 20, 2011. 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 on October 14, 2011, the record date for our 2011 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.

If Biglari Holdings proceeds with its previously announced alternative director nomination, 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, sec.gov. Our proxy statement and annual report to shareholders are available at the Investor Relations section of our corporate website, 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 additional copies upon written or oral request directed to our transfer agent, AST, at toll free (800) 485-1883, or

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to 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 2011 annual report to shareholders, which contains financial and other information about the Company and our most recently completed fiscal year, which ended July 29, 2011. References in this document to a year (e.g., 2011), 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 potential proxy contest and excluding salaries and wages of our regular employees, are expected to be approximately $5.0 million, of which approximately $2.4 million has been spent 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.

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.

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

We are the parent corporation and owner 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 independent inspector of election for the Annual Meeting shall determine the number of votes cast by holders of common stock for all matters. The Board of Directors will appoint an independent inspector of election to serve at the Annual Meeting. Preliminary voting results will be announced at the Annual Meeting, if practicable.

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.

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VOTING MATTERS

What am I voting on?

You will be voting on the following matters:

- the election of eleven 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;
- the selection, on an advisory basis, of the frequency (annual, biennial or triennial) with which shareholders of the Company will have an advisory vote on the compensation of the Company s named executive officers;
- the approval of an Agreement and Plan of Merger effecting an internal restructuring of the Company through a merger of the Company with and into CBOCS, Inc., the Company s wholly owned subsidiary; and
- the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2012 fiscal year.

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

Yes. Biglari Holdings Inc. (Biglari Holdings) has notified the Company of its intention to propose an alternative director nominee, Sardar Biglari, the chairman and chief executive officer 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 nominee has **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 nominee 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 October 14, 2011. As of October 14, 2011, there were 22,912,673 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 October 14, 2011 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: 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. If, as expected, Biglari Holdings initiates a proxy contest, there will be no routine matters.

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.

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. Unless Biglari Holdings initiates a proxy contest, the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm will be considered a routine matter for this purpose. The election of directors, the approval of our shareholder rights plan, the approval, on an advisory basis, of the compensation of the Company s executive officers, the selection, on an advisory basis, of the frequency with which shareholders of the Company will have a vote on the compensation of the Company s named executive officers and the approval of the merger of the Company with and into CBOCS, Inc. are not considered routine matters, and, therefore, your shares will not be voted on these matters 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 eleven 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;
- **FOR** having an advisory vote on the compensation of the Company s named executive officers once every year;
- **FOR** the approval of an Agreement and Plan of Merger effecting an internal restructuring of the Company through a merger of the Company with and into CBOCS, Inc., the Company s wholly owned subsidiary; and
- **FOR** ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2012 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: 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 eleven directors.

As a result of Biglari Holdings declared intention to propose Sardar Biglari as an alternative director nominee, and assuming this nominee is in fact proposed for election at the Annual Meeting and has 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 eleven nominees. This means that the eleven 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.

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THE ONLY WAY TO SUPPORT ALL ELEVEN 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 NOMINEE. DOING SO MAY CANCEL ANY PREVIOUS VOTE YOU CAST ON THE COMPANY S WHITE PROXY CARD.

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: The selection, on an advisory basis, of the frequency (annual, biennial or triennial) with which shareholders of the Company will have an advisory vote on the compensation of the Company s named executive officers.

Shareholders of the Company have a choice of having an advisory vote on the compensation of the Company s named executive officers once every year, once every two years or once every three years. In addition, shareholders are entitled to mark ABSTAIN. The alternative (once every year, once every two years or once every three years) receiving the most votes will be the frequency the shareholders approve. 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 any of the three options under this proposal. Broker non-votes likewise will not be treated as cast for any of the three options under this proposal. Accordingly, neither abstentions nor broker non-votes will have any legal effect on which of the three options is approved.

Proposal 5: Approval of an Agreement and Plan of Merger effecting an internal restructuring of the Company through a merger of the Company with and into CBOCS, Inc., the Company s wholly owned subsidiary.

Approval of the Agreement and Plan of Merger requires the affirmative vote of holders of a majority of the outstanding shares of our common stock entitled to be cast. If you vote ABSTAIN on this proposal via a properly executed **WHITE** proxy card, the Internet or telephone or if you do not submit a properly executed **WHITE** proxy card or use the Internet or telephone to vote on this proposal, it will have the same effect as a vote AGAINST this proposal. Broker non-votes likewise will have the same effect as a vote AGAINST this proposal.

Proposal 6: Ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2012.

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. Under Tennessee law, this proposal will be approved if the votes

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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. 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. However, this proposal is considered to be a routine proposal (unless Biglari Holdings initiates a proxy contest, in which event this proposal will not be considered routine); therefore, if your shares are held in street name, your broker will have discretion to vote your shares even if you do not provide instructions. 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 eleven 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;
- **FOR** having an advisory vote on the compensation of the Company s named executive officers once every year;
- **FOR** the approval of an Agreement and Plan of Merger effecting an internal restructuring of the Company through a merger of the Company with and into CBOCS, Inc., the Company s wholly owned subsidiary; and
- **FOR** ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2012 fiscal year.

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

Biglari Holdings has proposed Sardar Biglari as an alternative director nominee 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 nominee 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 nominee using the **GOLD** proxy card, your vote will not be counted as a vote for all eleven 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 solicitors, 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. 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.

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The Executive 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 Executive 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

Who are the current members of the Board of 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 47 of this proxy statement. Except for Messrs. Hilton and White, who, on July 28, 2011, informed us of their decision not to stand for re-election, all of the current members of our Board of Directors are nominees for re-election to the Board. Neither Mr. Hilton s nor Mr. White s decision is 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. Hilton and White will resign, and the size of our Board of Directors will be set at eleven directors by action of our Board of Directors pursuant to our Bylaws.

How often did the Board of Directors meet in 2011?

Our Board of Directors met 11 times during 2011. 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 2011 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 2011.

What are the committees of the Board?

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. A copy of the charter of each of the Audit, Compensation, and Nominating and Corporate Governance committees, as well as our Corporate Governance Guidelines, is posted on our Internet website, crackerbarrel.com. Current information regarding all of our standing committees is set forth below. 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 in June through August of 2011, Coleman H. Peterson, James W. Bradford and William W. McCarten, have been participating in meetings of the various standing committees of the Board of Directors on an informal basis. It is anticipated that all three of the new independent directors will begin formally serving on the standing committees of the Board of Directors immediately following the Annual Meeting.

Name of Committee and Members	Functions of the Committee	Number of Meetings in 2011
AUDIT: Richard J. Dobkin, Chair Robert V. Dale Robert C. Hilton Jimmie D. White	Acts as liaison between our Board of Directors and independent auditors Reviews and approves the appointment, performance, independence and compensation of independent auditors Has authority to hire, terminate and approve payments to the independent registered public accounting firm and other committee advisors Responsible for developing procedures to receive information and address complaints regarding our accounting, internal accounting controls or auditing matters 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	8

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Name of Committee and Members	Functions of the Committee	Number of Meetings in 2011
	Reviews our significant accounting policies and any changes to those policies 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: Charles E. Jones, Jr., Chair Robert V. Dale Richard J. Dobkin 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	7
NOMINATING AND CORPORATE GOVERNANCE: Robert V. Dale, Chair Charles E. Jones, Jr. B.F. Jack Lowery 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	8

	of Directors on that issue
PUBLIC RESPONSIBILITY:	1
Martha M. Mitchell, Chair B.F. Jack Lowery Andrea M. Weiss Jimmie D. White	Oversees the identification, evaluation and monitoring of social, legislative, regulatory and public policy issues that affect our business reputation, business activities and performance Monitors our activities as a responsible corporate citizen, and in that role, reviews and makes recommendations with

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Name of Committee and Members	Functions of the Committee	Number of Meetings in 2011
	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 Sandra B. Cochran Robert V. Dale Richard J. Dobkin Charles E. Jones, Jr. Martha M. Mitchell	Meets at the call of the 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	

What is the leadership structure of our Board of Directors and why is it appropriate for Cracker Barrel?

From November 23, 2004 until September 11, 2011, the positions of Chief Executive Officer and Chairman of our Board of Directors were held by the same individual, Michael A. Woodhouse. 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 discussions with our Board of Directors about stepping down as Chief Executive Officer, in July 2011, our Board of Directors determined that the positions of the Chief Executive Officer and Chairman should be held by two separate individuals. Accordingly, the Board of Directors appointed Sandra B. Cochran as the Company s Chief Executive Officer and Mr. Woodhouse as the Company s Executive Chairman, effective September 12, 2011.

Each year, our Board of Directors elects an independent Lead Director, currently Robert V. Dale. The Lead Director has the authority to call meetings of the independent directors, can be contacted directly by shareholders, acts as a key liaison with the Chief Executive Officer, chairs the executive sessions of the independent directors and communicates the Board of Directors feedback to the Chief Executive Officer. This ensures full involvement in decision-making by the non-employee directors. The Lead Director also approves meeting agendas and other information sent to our Board of Directors and ensures that there is sufficient time for discussion of all agenda items.

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 of the Board 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 of the Board, while maintaining the ability to separate the Chairman and Chief Executive Officer roles when appropriate. Accordingly, at different points in time, the Chief Executive Officer and Chairman of the Board 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

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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 Executive 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. If the two roles were to be combined, we believe that the independence of the majority of our directors and our Lead Independent Director would provide effective oversight of our management of the Company.

Our Board of Directors believes that its current leadership structure, with Mr. Woodhouse serving as the Executive Chairman and Ms. Cochran serving as the Chief Executive Officer, together with the appointment of Mr. Dale as Lead Director, 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. Because Mr. Woodhouse has an extensive knowledge of our business, our Board of Directors has concluded that he is in the best position to lead the Board of Directors most effectively and to support Ms. Cochran in her transition as the new Chief Executive Officer by serving in the position of Executive Chairman. 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.

What role does our Board of Directors play in the 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 Executive Chairman and Lead Director; and (2) further consideration and evaluation of discrete risks at the committee level.

To ensure proper oversight of our management and the potential risks that face the Company, the non-employee members of our Board of Directors elect annually a Lead Director from our independent directors. In addition, our Board of Directors is comprised predominantly of independent directors (currently, 11 of 13), and all members of the key committees of our Board of Directors (Audit, Compensation, Nominating and Corporate Governance and Public Responsibility) are independent under the Nasdaq Marketplace Rules 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 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

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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 Legal 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 evaluates the risks associated with our compensation philosophy and programs. The Compensation Committee employs an independent compensation consultant who reports directly to the Compensation Committee and performs additional services for management only with the permission of the Compensation Committee. Among other tasks, the compensation consultant reviews our compensation programs, including the potential risks and other effects of incentives created by these programs. At the same time, this consultant reviews the design of our executive compensation programs, including those features that mitigate any potential risks, such as the combination of performance based compensation, the use of equity as a significant portion of incentive compensation, stock ownership and retention requirements, and clawback provisions. Based upon the comprehensive review of the executive compensation programs provided by the independent compensation consultant, and the assessment of other compensation programs provided by our management, the Compensation Committee has concluded that our compensation programs are not reasonably likely to have a material adverse effect on the Company as a whole.

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.

How were non-management directors compensated in 2011?

During 2011, each outside director was paid an annual retainer of $45,000, other than our independent Lead Director 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 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 in their entirety one year from the date of the grant.

The compensation of our directors during 2011 is detailed in the Director Compensation Table, which can be found on page 39 of this proxy statement.

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

What is the purpose of Compensation Discussion and Analysis?

This portion of the proxy statement, called Compensation Discussion and Analysis or CD&A, has been prepared in order to provide an overview of the objectives of our compensation programs for our executive officers who qualify as named executive officers under applicable SEC rules (the Named Executive Officers) and to summarize the process by which the elements of compensation of Named Executive Officers were established during fiscal 2011. It is meant to give shareholders insight into how our executive compensation programs work, including why we pay what we do and when we pay it. It is also meant to help you understand the deliberative process and the underlying compensation philosophy that inform how we design our pay packages for our Named Executive Officers and should be read in conjunction with the detailed executive compensation tables that immediately follow this CD&A and the related Compensation Committee report.

Our Named Executive Officers are as follows:

- Sandra B. Cochran, our President and Chief Executive Officer, who served during the 2011 fiscal year as our Executive Vice President and Chief Financial Officer from August through November 2010 and as our President and Chief Operating Officer from November 2010 through the end of the 2011 fiscal year and assumed her current position in September 2011;

- Michael A. Woodhouse, our Executive Chairman, who served throughout the 2011 fiscal year as our Chairman and Chief Executive Officer and assumed his current position in September 2011;

- Lawrence E. Hyatt, our Senior Vice President and Chief Financial Officer, who assumed his position with us in January 2011;

- N.B. Forrest Shoaf, our Senior Vice President, Secretary and Chief Legal Officer, who also served as our Interim Chief Financial Officer from November 2010 through January 2011;

- Douglas E. Barber, our Executive Vice President and Chief People Officer;

- Terry A. Maxwell, our Senior Vice President Retail; and

- Edward A. Greene, our Senior Vice President Strategic Initiatives.

What are the overall objectives of our executive compensation programs?

In simple terms our central compensation objective is to enhance the 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 for our executive compensation program, which is designed to reward executive officers for maximizing our success, as determined by our performance relative to our financial and operational goals. 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.

How did the Company perform during 2011?

This was a year of progress and achievement despite severe economic headwinds and intense competitive pressures. Same store sales grew for the year, but persistently high unemployment, weak consumer sentiment, widespread industry discounting, high gasoline prices and a weak summer travel season contributed to same-store sales declines in the second half of 2011. Commodity inflation accelerated throughout the year, peaking at 5.4% in the fourth quarter, and had a substantial effect on second-half margins. Nevertheless, the Company controlled expenses and was able to deliver operating income growth for fiscal 2011. The Company generated

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significant levels of cash from operations, invested $77.7 million in capital expenditures, paid $19.8 million in dividends, repurchased $33.6 million of common stock, reduced long-term debt by $30.3 million, and increased its cash balance by $4.6 million.

In addition to the key financial metrics outlined above, the Company reached a number of major milestones in 2011. The following summarize some of our key achievements for the 2011 fiscal year and were a part of the basis of the Compensation Committee s decisions discussed in this CD&A:

Received numerous awards and recognition for excellence, including taking first place in the family dining category in a new independent consumer survey, Consumer Picks, which was sponsored by *Nation s Restaurant News*. The Company had the highest ranking in food quality, cleanliness, service, menu variety, atmosphere, reputation, likely to recommend, and likely to return. The Company was also chosen as having the best breakfast at a full-service restaurant in Zagat® 2011 consumer survey and was selected as the most RV-friendly sit-down restaurant in America by members of the Good Sam Club for the tenth consecutive year

Completed the roll out of the Seat to Eat initiative in all stores and achieved faster and more consistent ticket times as a result.

Opened 11 new Cracker Barrel Old County Stores bringing the chain total to 603 stores in 42 states. As a group, these new stores have exceeded their projections.

As part of an organizational streamlining and cost reduction initiative, the Company eliminated approximately 60 management and staff positions, which it expects to result in annual pretax cost savings of approximately $10 million.

After four years of outperformance, the Company fell short against the Knapp-Track® casual dining same-store sales index in 2011. Nevertheless, we outperformed the Knapp-Track® family dining index for the year by 0.5 percentage points.

Delivered operating income of $167.2 million in 2011, increased from $164.7 million in 2010, as tight expense management helped partially offset the effects of lower same store sales and higher commodity inflation. The operating income of $167.2 million includes the following charges and expenses: (i) approximately $1.0 million for an impairment charge related to office space that we expect to sell before the end of 2012, (ii) approximately $1.8 million in severance charges incurred in connection with a cost reduction and organizational streamlining initiative carried out in July 2011 and (iii) approximately $0.4 million in expenses incurred in the fourth quarter of 2011 related to the potential proxy contest with Biglari Holdings Inc.

Delivered return on invested capital, or ROIC, which the Company believes is an appropriate measure of how the Company is utilizing the capital that has been invested in its business and calculates as operating profit after tax divided by the sum of debt plus equity, of 15.2%, or, following adjustment for the changes and expenses described in the previous item, 15.5%, in 2011. This compares to ROIC of 15.3% in 2010.

Delivered total shareholder return, or TSR, which the Company believes is an appropriate measure of value returned on shareholders investment and calculates as increases in share price plus dividends paid over the relevant index period, of 91% cumulatively over the three year period from fiscal 2009 through fiscal 2011. This equates to an annualized TSR of 25% during the same period.

Increased the dividend by 10 percent, marking the 29th consecutive year during which the Company has paid a dividend and the 8th time in the past 10 years that the Company has increased the dividend paid to shareholders.

Completed a new $750 million bank credit facility, which was one of the largest all-bank financing transactions ever completed by a full-service restaurant company. The refinancing simplified and extended debt maturities and increased the Company s financial flexibility. The Company remains well within the limits of its financial covenants.

Engaged Euro RSCG Worldwide, the largest unit of Havas, a world leader in communications and one of the largest integrated marketing communications agencies in the world, as its new advertising agency.

How were the executives rewarded in 2011?

As discussed herein in greater detail, our executive compensation primarily consists of three components: base salary, an annual incentive bonus and long-term equity-based awards. Base salaries are generally targeted at the 60th percentile of market relative to our peer group, with variations for experience, leadership, contribution and critical skills. Our incentive compensation (including bonuses and equity-based awards) is generally targeted at the 50th percentile of market relative to our peer group. For 2011, a substantial amount of compensation was at risk based upon the Company s performance. The Named Executive Officers (as a group) had 72% of their total target compensation linked to performance, and the Chief Executive Officer had 79% of his total target compensation linked to performance (total target compensation refers to the sum of base salary, target annual bonus and target long-term equity-based incentive compensation). Annual bonus payments, based upon performance metrics primarily related to operating income performance, were awarded at 91% of the Named Executive Officers target amounts (or 45% of the potential maximum award), which ranged from 50% to 125% of their respective 2011 base salaries. Long-term equity-based incentive compensation, the third primary component of our executive compensation, is subject to two- and three-year performance periods with approximately one-half subject to performance metrics for fiscal years 2011 and 2012 (the 2011 LTPP) and the other half subject to performance metrics for fiscal years 2011, 2012 and 2013 (the 2011 LTI Incentive Grant). These components of compensation are designed to ensure that management s interests are aligned with the long-term performance of the Company and the interests of our shareholders. The award values were targeted based upon percentages of the executive officers base salaries. For the Named Executive Officers, the 2011 long-term equity-based incentive compensation targets ranged from 75% to 148% of base salary (exclusive of the President and Chief Executive Officer), and for the President and Chief Executive Officer were 193% and 250%, respectively. Actual results for the respective components of the 2011 long-term equity-based incentive compensation will not be determined until the completion of the applicable performance periods at the end of fiscal years 2012 and 2013. Awards under our long-term equity-based incentive compensation plans have historically been made on the basis of our performance measured in terms of operating income, ROIC and TSR during the applicable performance periods.

What does the Compensation Committee do?

The Compensation Committee s functions and members are described on page 11 of this proxy statement, and its Charter is posted on the corporate and investor relations page of our website (crackerbarrel.com). 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. Among other things, the Compensation Committee may conduct or authorize 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 meets as necessary throughout the year to enable it to fulfill its responsibilities. The majority of the compensation decisions for our executive officers generally are made annually during the July meetings of the Compensation Committee and the Board of Directors. The Chairman of the Compensation Committee is responsible for leadership of the Compensation Committee, presiding over its meetings, making committee assignments and reporting the Compensation Committee s actions to the Board from time to time as requested by the Board. The Chairman, with the assistance of management, also sets the agenda for Compensation Committee meetings.

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Does the Compensation Committee use the services of an independent consultant?

Yes to assist the Compensation Committee with establishing executive compensation for 2011 and 2012, the Compensation Committee retained Frederic W. Cook & Co., Inc. (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 and the Board of Directors consulted with Cook & Co. in determining the executive compensation to be awarded to all of the Named Executive Officers, including Ms. Cochran and Mr. Woodhouse, in 2012. Cook & Co. reports directly to the Compensation Committee and performs additional services for management only with the permission of the Compensation Committee. We believe that Cook & Co. is independent of management and provides the Compensation Committee with objective advice.

Does the Compensation Committee benchmark using a peer group of companies?

Yes the Compensation Committee uses a peer group to help evaluate the targeted compensation levels and the type of reward programs offered to our Named Executive Officers. 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.

The peer group approved and used by the Compensation Committee during 2011 comprised the following publicly-traded companies:

AnnTaylor Stores Corp.	Jack-in-the-Box, Inc.
Big Lots, Inc.	Landry s Restaurants, Inc.
Bob Evans Farms, Inc.	P F Chang s China Bistro Inc.
Brinker International, Inc.	Panera Bread Co.
Burger King Holdings, Inc.	Petsmart Inc.
Cheesecake Factory, Inc.	RadioShack Corp.
Chipotle Mexican Grill, Inc.	Ruby Tuesday, Inc.
Darden Restaurants, Inc.	Tractor Supply, Inc.
DineEquity, Inc.	Wendy s/Arby s Group, Inc.

During 2011, both Burger King Holdings, Inc. and Landry s Restaurants, Inc. ceased to be publicly traded companies and were removed from the peer group for purposes of compensation decisions made after their removal.

What is management s role in determining executive compensation?

The significant aspects of management s role in the compensation process are as follows:

Management recommends to our Board of Directors business performance targets and objectives and provides background information about the underlying strategic objectives;

Management evaluates employee performance;

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- 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 his or 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 his or her own compensation; and

- 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.

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. 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.

How are our executive compensation programs structured in order to address our objectives?

Most of our compensation elements simultaneously fulfill one or more of our performance, alignment and retention objectives. We use a combination of cash and equity compensation and benefits to compensate and reward our Named Executive Officers: base salary, an annual cash bonus and long-term incentive (LTI) equity compensation, all of which are described in greater detail below. 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.

How are our compensation objectives implemented?

The Committee relies upon its judgment in making compensation decisions after reviewing the performance of the Company and carefully evaluating both objective and subjective 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 and tenure with the Company. Specific factors affecting compensation decisions for our executive officers, including the Named Executive Officers, include:

- the Company s achievement of key financial measurements such as revenue, operating profit, earnings per share, operating margins, return on invested capital and total shareholder return (which we defined to mean capital appreciation through increases in the price of our common stock plus dividends paid to shareholders);

the Company s achievement of strategic and operational objectives consistent with our strategic plan adopted on an annual basis by the Board of Directors;

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- the executive officer s subjective individual contributions to the Company, performance, experience and expertise; and
- the executive officer s demonstrated commitment to supporting our values by promoting a culture of unyielding integrity through compliance with laws and our ethics policies, as well as dedication to community leadership and diversity.

The Compensation Committee does not adhere strictly to formulas or necessarily adjust compensation in reaction to near-term changes in business performance when it determines the amount and mix of compensation elements. Rather, the Compensation Committee evaluates the above and other factors in the context of 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 a certain target percentile (as discussed below) within the peer group of companies against which we compare our compensation programs.

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. While each element of our compensation programs is compared to the market separately and the target opportunities for each element are established on an independent basis, the Compensation Committee nevertheless evaluates the overall total direct compensation package (base salary, annual bonus and LTI and other equity compensation) relative to market conditions. In conducting this evaluation, the Compensation Committee does not have a specific apportionment goal in mind other than to deliver a majority of each executive officer s compensation opportunity that is contingent upon Company performance and stock price appreciation. Instead, the Compensation Committee reviews the compensation mix of each executive on a subjective basis as another tool to assess an executive s total compensation opportunities and whether 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 current cash compensation for our executive officers. This pay mix supports their roles in enhancing value to shareholders over the long-term.

What are the elements of our executive compensation program?

Our executive compensation program includes the following principal elements of compensation:

- Base salary;
- Annual incentive bonuses, including special bonuses when appropriate;
- Long-term incentive compensation, which consist of equity-based awards;
- Health and welfare benefits; and
- Severance and change in control provisions.

We offer only very limited perquisites for executive officers and do not offer supplemental executive retirement programs (SERPs) or defined benefit pension plans.

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Why do we pay each element of executive compensation?

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, as well as other annual achievements of the Company	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 long-term revenue growth and profitability and positive ROIC and TSR over performance period Appreciation in value of shares Continued employment (*i.e.*, retention) with us during the vesting period	Focus attention on meeting longer-term performance targets and our long-term success Create alignment with shareholders by focusing efforts on longer-term stock price appreciation Management retention in a competitive marketplace
Health and welfare benefits	Provides benefits upon death or disability; provides medical coverage	Designed to provide a level of safety and security that allows employees 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

How do we determine the types and amounts of executive compensation?

Our compensation includes the following market targets:

- Base salaries generally are targeted at the 60th percentile of market relative to our peer group, with variations for experience, leadership, contribution and critical skills; and

- Incentive compensation (which includes the annual cash bonus and the value of LTI compensation) generally is targeted at the 50th percentile (median) of market relative to our peer group.

Although we target compensation at the median level, we target base salaries above the median in order to maintain our ability to attract and retain high caliber executives even though we offer only limited perquisites and no defined benefit plan or SERP. Additionally, because the Compensation Committee considers each executive officer s compensation in light of his or her individual circumstances and contributions to the Company, including individual performance, experience, expertise, level of responsibility and leadership skills, there may be variations in individual executive officers compensation packages from the target norms.

In deciding on the type and amount of compensation for each executive officer, we focus on both current pay and the opportunity for future compensation. The Compensation Committee determines the allocation of long-term versus near-term compensation on the basis of both objective and subjective criteria. First, the Compensation Committee evaluates each executive officer s compensation based on objective market data for comparable positions from our peer group as supplemented by broader industry survey data. The Compensation Committee then adjusts this objective analysis based on the executive officer s individual contribution to the Company and performance in his or her role as well as internal equity considerations. In establishing the specific components of compensation of our executive officers for 2011, the Compensation Committee based its decisions, in part, on the peer group data and recommendations provided to it by Cook & Co.

Our Named Executive Officers have a combined total of 173 years in the restaurant and retail industries and 71 years with the Company, during which several of them have held different positions and been promoted to increasing levels of responsibility. The compensation for the Named Executive Officers reflects the Compensation Committee s assessment of their management experience, performance and service to the Company over a long period of time.

A substantial amount of the compensation for our executives is at risk based on performance. In 2011, the Named Executive Officers as a group had 72% of their total target compensation linked to performance, and Mr. Woodhouse had 79% of his total target compensation linked to performance (total target compensation refers to the sum of base salaries and annual bonus plan and LTI equity compensation opportunities). Because a significant portion of total compensation is performance-based and thus at risk, the eventual compensation received by our Named Executive Officers may vary significantly from target based on their achievements and their ability to generate stock price improvement.

Base Salary. Base salary for our executive officers is determined based on the 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 his or her own compensation). Mr. Woodhouse s and Ms. Cochran s salaries are set per their employment agreements, 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 keeping the Company operating throughout the year.

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. Each executive officer is assigned a salary range based on objective data relating to similarly situated executives at other companies in the peer group. The Compensation Committee, with the Chief Executive Officer present to provide his or her input, then considers many subjective factors, including individual performance, experience and expertise, as well as internal equity considerations, in setting base salary increases within this range. The greater an individual s performance and contribution within these subjective criteria, the larger the annual increase may be. In addition, the Compensation Committee may identify certain positions as critical to our business and target base salaries for these positions above the 60th percentile target.

Among the Named Executive Officers, in 2011, the Compensation Committee, in light of the prior year s salary freeze and relying on competitive information supplied by Cook & Co., increased the base salaries of Mr. Woodhouse by 10% over 2010, of Mr. Maxwell by 3.7% over 2010, and of Mr. Shoaf by 5% over 2010. Ms. Cochran s base salary was increased during 2011 from $500,000 to $625,000, or 25%, in connection with her promotion to President and Chief Operating Officer in November 2010. Mr. Barber s salary was decreased from $500,000 to $435,000, or 13%, during 2011 to reflect his change in duties from Chief Operating Officer to Chief People Officer. In January 2011, Mr. Hyatt was hired as our Senior Vice President and Chief Financial Officer at a base salary of $475,000.

When reviewing salaries for 2012, the Compensation Committee, in recognition of the difficult economic climate, determined not to change the base salaries of our Named Executive Officers over their levels in 2011, except that Ms. Cochran s salary was increased from $625,000 in 2011 to $900,000 in 2012, or 44%, in

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connection with her promotion to Chief Executive Officer in September 2011, and Mr. Woodhouse s base salary was decreased from $1,100,000 in 2011 to $750,000 in 2012, or 31.8%, in connection with his resignation as Chief Executive Officer and his appointment as Executive Chairman.

Annual Bonus Plan. The annual bonus plan generally provides our executive officers with the opportunity to receive additional cash compensation based on a percentage of base salary and contingent upon our meeting established performance targets. The Company intends for payments under the annual bonus plan to qualify as performance based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). Accordingly, if the performance metrics for the annual bonus plan are not met, then no payments will be made under the annual bonus plan to any executive officer participating in the plan. If the applicable performance metric is met, the participants in the annual bonus plan are eligible for annual bonuses of up to 200% of their respective target amounts.

For 2011, executive officers were eligible to receive a bonus of up to 200% of target (target being median reflected by our peer group) if operating income met or exceeded $90 million. Once eligibility was established, the Compensation Committee retained discretion to set bonus payments within the eligible range based upon such factors as the Committee, in its discretion, deemed appropriate.

In determining whether the operating income performance metrics were satisfied in 2011, the Compensation Committee used adjusted operating income of $170.4 million rather than operating income calculated according to GAAP of $167.2 million. The adjusted operating income figure excludes the effects of the following charges and expenses: (i) approximately $1.0 million for an impairment charge related to office space that we expect to sell before the end of 2012, (ii) approximately $1.8 million in severance charges incurred in connection with a cost reduction and organizational streamlining initiative carried out in July 2011 and (iii) approximately $0.4 million in expenses incurred in the fourth quarter of 2011 related to the potential proxy contest with Biglari Holdings Inc. In exercising its discretion to set bonus payments within the eligible range after the performance metric was satisfied, the Compensation Committee considered, among other factors, the Company s operating income performance in 2011 relative to internal goals set by the Company s annual business plan adopted at the beginning of the fiscal year. Based on this review, the Committee determined to exercise its discretion to set annual bonus payouts for the Named Executive Officers at approximately 91% of the target amounts set forth in the table below.

The following table sets forth (i) target bonuses during 2011 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 2011 annual bonus plan:

Named Executive Officer	2011 Bonus Target (% of Salary)	2011 Bonus Target	2011 Actual Bonus
Sandra B. Cochran(1)	100%	$ 593,750	$ 542,984
Michael A. Woodhouse	125%	$ 1,375,000	$ 1,257,437
Lawrence E. Hyatt(2)	70%	$ 193,958	$ 177,375
N.B. Forrest Shoaf	70%	$ 304,643	$ 278,596
Douglas E. Barber(3)	77%	$ 353,375	$ 323,160
Terry A. Maxwell	70%	$ 252,295	$ 230,632
Edward A. Greene	50%	$ 182,310	$ 166,722

(1) Reflects a prorated amount based on Ms. Cochran s service during fiscal 2011 as both our Executive Vice President and Chief Financial Officer, when she had a base salary of $500,000, and on her service as our President and Chief Operating Officer, when she had a base salary of $625,000; in both positions, Ms. Cochran had a bonus target at 100% of the applicable base salary.

(2) Reflects a prorated amount based on Mr. Hyatt s service as our Senior Vice President and Chief Financial Officer since joining the Company in January 2011 at a base salary of $475,000 with a bonus target at 70% of base salary.

(3) Reflects a prorated amount based on Mr. Barber s service during fiscal 2011 as both our Executive Vice President and Chief Operating Officer, when he had a base salary of $500,000 and a bonus target at 100% of

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base salary, and on his service as our Executive Vice President and Chief People Officer, when he had a base salary of $435,000 and a bonus target at 70% of base salary.

The above 2011 annual bonuses are reflected in the 2011 Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 32 of this proxy statement.

When setting annual bonus targets for 2012, the Compensation Committee opted not to increase any of our Named Executive Officers targets, expressed as a percentage of base salary. However, in connection with her promotion to Chief Executive Officer in September 2011, Ms. Cochran s target bonus was increased to 100% of her annual salary of $900,000. Likewise, Mr. Woodhouse s target bonus was decreased to 100% (from 125%) of his annual salary of $750,000 upon his resignation as Chief Executive Officer and appointment as our Executive Chairman. As has been the Company s past practice when Named Executive Officers have changed roles during the fiscal year, each of Ms. Cochran s and Mr. Woodhouse s target bonus opportunity for 2012 will be calculated as a prorated target based on the portion of the year spent in each of their respective roles.

Long-Term Incentives. The Compensation Committee believes that long-term incentives, particularly equity-based awards, provide the strongest 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. Long-term incentives may include: stock options; restricted stock; restricted stock units; performance-based share units; stock appreciation rights; dividend equivalents; stock awards; other stock-based awards and restricted cash awards. Some incentives, such as stock options, are specifically designed to provide rewards based on stock price appreciation, while others, such as restricted stock and performance-based share units, deliver rewards based upon generating long-term shareholder returns through business-building efforts.

In 2011, the Company s equity compensation to executive officers was governed by the Company s 2011 Long-Term Incentive Plan (the 2011 LTI). Under the 2011 LTI, target awards to the executive officers were calculated as a function of each executive officer s 2011 LTI Percentage, which represents the target opportunity, expressed as a percentage of the executive officer s 2011 base salary, that is available to the executive officer under the 2011 LTI. The 2011 LTI Percentages for the executive officers were established by the Committee simultaneously with the establishment of the 2011 LTI. Please see the tables below.

The 2011 LTI consists of two components of substantially equal value: (i) the 2011 Long-Term Performance Plan (the 2011 LTPP), which provides for awards of stock options or Performance Shares (as that term is defined in the Company s 2010 Omnibus Stock and Incentive Plan (the 2010 Omnibus Plan)), and (ii) the annual stock incentive grant (the 2011 LTI Incentive Grant), which provides for awards of performance-based stock units. The Company intends that awards under both the 2011 LTPP and 2011 Incentive Grant qualify as performance based compensation under Section 162(m) of the Code to the maximum extent permitted under the 2010 Omnibus Plan. The payment of awards under both the 2011 LTPP and the 2011 LTI Incentive Grant is dependent upon the Company s achieving a minimum level of operating income from continuing operations during the relevant performance period for each component of the 2011 LTI: $250 million in cumulative operating income for fiscal years 2011 and 2012 for the 2011 LTPP (the 2011 LTPP Performance Goal) and $380 million in cumulative operating income for fiscal years 2011, 2012 and 2013 for the 2011 LTI Incentive Grant (the 2011 LTI Unit Award Performance Goal). If either the 2011 LTPP Performance Goal or the 2011 LTI Unit Award Performance Goal is not met, then no award will be made under the applicable plan to any executive officer participating in the 2011 LTPP or 2011 LTI Incentive Grant, as applicable. If, however, the applicable performance goal is met, then each participant in the 2011 LTI will become eligible to receive an equity incentive grant calculated as a function of the participant s 2011 LTI Percentage.

Once eligibility is established, the Compensation Committee will retain discretion to set the amount of actual awards under the 2011 LTPP and 2011 LTI Incentive Grant within the eligible range based on such factors as the Committee, in its discretion, may deem appropriate. These factors may include objective measures, such as the Company s operating income, ROIC or TSR performance, and subjective measures, such as the executive officer s individual contributions to the Company, performance, experience and expertise.

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For the 2011 LTPP, if the 2011 LTPP Performance Goal is met, then the executive officer will be eligible to receive an award (a 2011 LTPP Award) of up to 200% of a target number of shares that is calculated by dividing (i) the product of (x) half of the executive officer s 2011 LTI Percentage multiplied by (y) his or her base salary for 2011 multiplied by (z) an adjustment factor of 1.5 by (ii) $47.25, the average closing price of the Company s common stock during the last 30 calendar days of fiscal 2010 and the first 30 calendar days of fiscal 2011. The adjustment factor of 1.5 was established by the Committee and applies to both the 2011 LTPP and the 2012 Long-Term Performance Plan (defined below) in consequence of the Company s transition from a one-year performance period under the 2010 Long-Term Performance Plan to a two-year performance period under the 2011 LTPP and the 2012 Long-Term Performance Plan; this transition resulted in no opportunity for awards to be made to participants in these plans at the beginning of fiscal 2012 because no performance period was ending at the end of the 2011 fiscal year. Awards under the 2011 LTPP are distributable at the beginning of our 2013 fiscal year and are forfeited if, prior to that time, a participant is terminated or voluntarily resigns (other than as a result of retirement). Each Named Executive Officer s target shares and maximum eligible award under the 2011 LTPP were established by the Committee as follows:

Named Executive Officer	2011 LTI Percentage	2011 Base Salary	2011 LTPP Target Shares	Maximum Eligible 2011 LTPP Award Shares
Sandra B. Cochran	193%	$ 593,750	18,352	36,704
Michael A. Woodhouse	250%	$ 1,100,000	43,650	87,300
Lawrence E. Hyatt	76%	$ 277,083	5,717	11,434
N.B. Forrest Shoaf	130%	$ 435,204	8,980	17,960
Douglas E. Barber	148%	$ 451,250	10,700	21,400
Terry A. Maxwell	80%	$ 360,278	4,574	9,148
Edward A. Greene	75%	$ 364,619	4,340	8,680

Each executive officer s 2011 LTI Incentive Grant consisted initially of stock op