CRACKER BARREL OLD COUNTRY STORE, INC
Form DEF 14A
October 04, 2018



# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# SCHEDULE 14A

**(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant Filed by a party other than the Registrant

Check the appropriate box:

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):

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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Dear Shareholder:

We have enclosed with this letter the proxy statement for our 2018 Annual Meeting (the Annual Meeting ) of shareholders of Cracker Barrel Old Country Store, Inc. ( Cracker Barrel or the Company ).

This year s Annual Meeting will be held on Thursday, November 15, 2018, at 10:00 a.m. Central Time, at our offices at 305 Hartmann Drive, Lebanon, Tennessee 37087, and we hope you will be able 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) to elect nine directors; (2) to approve, on an advisory basis, the compensation of the Company s named executive officers as disclosed in the accompanying proxy statement; (3) to approve the Company s shareholder rights plan which was adopted by our Board of Directors on April 9, 2018; and (4) to ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for our 2019 fiscal year. Representatives from Deloitte & Touche LLP will be available at the Annual Meeting and we will address any questions that you may have.

This year, we have again elected to provide access to our proxy materials over the Internet under the Securities and Exchange Commission s notice and access rules.

Whether or not you expect to be present at the Annual Meeting, please vote and submit your proxy as soon as possible via the Internet, by phone, or if you have requested to receive printed proxy materials, by mailing a proxy card enclosed with those materials. This will not prevent you from voting in person at the Annual Meeting, but will help to secure a quorum and avoid added solicitation costs. If you decide later to attend the Annual Meeting, you may withdraw your proxy at any time and vote your shares in person.

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

Sincerely,

Sandra B. Cochran

*President and Chief Executive Officer*

October 4, 2018

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305 Hartmann Drive

Lebanon, Tennessee 37087

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

| | |
|---|---|
| **DATE OF MEETING:** | November 15, 2018 |
| **TIME OF MEETING:** | 10:00 a.m. Central Time |
| **PLACE OF MEETING:** | 305 Hartmann Drive<br><br>Lebanon, Tennessee 37087 |
| **ITEMS OF BUSINESS:** | (1) to elect nine directors;<br>(2) 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;<br>(3) to approve the Company s shareholder rights plan which was adopted by our Board of Directors on April 9, 2018;<br>(4) to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2019 fiscal year; and<br>(5) to conduct other business properly brought before the meeting. |
| **WHO MAY VOTE/<br><br>RECORD DATE:** | You may vote if you were a shareholder at the close of business on September 21, 2018. |

We are mailing a Notice of Internet Availability of Proxy Materials (the Notice ) to many of our shareholders instead of paper copies of our proxy statement and our 2018 Annual Report. The Notice contains instructions on how to access those documents over the Internet. The Notice also contains instructions on how shareholders can receive a paper copy of our proxy materials, including this proxy statement, our 2018 Annual Report and proxy card.

We hope that you will be able to attend the Annual Meeting. Instructions on how to obtain directions to the Annual Meeting are also included in the Notice. We ask, however, whether or not you plan to attend the Annual Meeting that you vote as soon as possible. Promptly voting will help ensure that the greatest number of shareholders are present whether in person or by proxy. You may vote over the Internet, as well as by telephone, or, if you requested to receive printed proxy materials, by mailing a proxy card enclosed with those materials. Please review the instructions on each of your voting options described in this proxy statement, as well as in the Notice you received in the mail.

If you attend the Annual Meeting in person, you may revoke your proxy at the meeting and vote your shares in person. You may revoke your proxy at any time before the proxy is exercised. Should you desire to revoke your proxy, you may do so as provided in the accompanying proxy statement.

By Order of our Board of Directors,

Richard M. Wolfson
Secretary

Lebanon, Tennessee

October 4, 2018

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**FOR THE SHAREHOLDER MEETING**

**TO BE HELD ON NOVEMBER 15, 2018:**

**The Notice of Internet Availability of Proxy Materials, Notice of Meeting and**

**Proxy Statement are available free of charge at: www.proxyvote.com**

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**CRACKER BARREL OLD COUNTRY STORE, INC.**

305 Hartmann Drive

Lebanon, Tennessee 37087

Telephone: (615) 444-5533

**PROXY STATEMENT FOR 2018 ANNUAL MEETING OF SHAREHOLDERS**

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## GENERAL INFORMATION

**What is this document?**

This document is the proxy statement of Cracker Barrel Old Country Store, Inc. that is being furnished to shareholders in connection with our Annual Meeting of Shareholders to be held on Thursday, November 15, 2018 (the Annual Meeting ). If you requested a printed version of the proxy statement, a form of proxy card is also 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. Unless clearly indicated otherwise, all references to a particular year or quarter in this proxy statement refer to our fiscal year or quarter.

**Why am I receiving a proxy statement?**

Because you were one of our shareholders at the close of business on September 21, 2018, the record date for our Annual Meeting, you are receiving this document 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 proxy card?**

If you receive multiple proxy statements or proxy cards, this 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 ). You can contact AST by calling (800) 485-1883.

**Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?**

Pursuant to rules adopted by the SEC, this year the Company will again use the Internet as the primary means of furnishing proxy materials to shareholders. Accordingly, the Company is sending a Notice to the Company s shareholders. All shareholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the complete proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. The Company encourages shareholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of its annual meetings and the cost to the Company associated with the physical printing and mailing of materials.

**How can I get electronic access to the proxy materials?**

The Notice explains how to:

view the Company s proxy materials for the Annual Meeting on the Internet; and

instruct the Company to send future proxy materials to you by email.

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The Company s proxy materials are also available on the Company s website at http://investor.crackerbarrel.com.

Choosing to receive future proxy materials by email will save the Company the cost of printing and mailing documents to you and will reduce the impact of the Company s annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

**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. Under this procedure, we are delivering a single copy of the Notice and, if applicable, the proxy materials to multiple shareholders who share the same address. Shareholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written request, we will deliver promptly a separate copy of the Notice and, if applicable, the proxy materials to any shareholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy of the Notice and, if applicable, this proxy statement or the 2018 Annual Report, shareholders may write or call our transfer agent, AST, toll free at (800) 485-1883, or our Corporate Secretary at Cracker Barrel Old Country Store, Inc., 305 Hartmann Drive, Lebanon, Tennessee 37087. The same phone number and address may be used to notify us that you wish to receive a separate set of proxy materials in the future, or to request delivery of a single copy of our proxy materials if you are receiving multiple copies.

**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., our proxy solicitor, will be paid a fee, not expected to exceed $15,000, for rendering solicitation services.

**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. Certain of our officers will be available to respond to shareholder questions at the end of the Annual 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 owner and operator of the Cracker Barrel Old Country Store® restaurant and retail concept throughout the United States. We also own and operate the Holler & Dash Biscuit House ™ restaurant concept in a number of locations in the southeastern United States. Our corporate headquarters are located at 305 Hartmann Drive, Lebanon, Tennessee 37087. Our telephone number is (615) 444-5533.

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

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

**Who will count the votes cast at the Annual Meeting?**

The Board of Directors will appoint an independent inspector of election to serve at the Annual Meeting. The inspector of election for the Annual Meeting will determine the number of votes cast by holders of common stock for all matters. Final voting results will be announced at the Annual Meeting.

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

We will include the voting results in a Current Report on Form 8-K, which we will file with the SEC no later than four business days following the completion of the Annual Meeting.

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## VOTING MATTERS

**What am I voting on?**

You will be voting on the following matters:

- to elect nine directors;
- to approve, on an advisory basis, the compensation of the Company s named executive officers as disclosed in this proxy statement;
- to approve the Company s shareholder rights plan which was adopted by our Board of Directors on April 9, 2018; and
- to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2019 fiscal year.

**Who is entitled to vote?**

You may vote if you owned shares of our common stock at the close of business on September 21, 2018. As of September 21, 2018, there were 24,031,772 shares of our common stock outstanding.

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

In order to lawfully conduct the Annual Meeting, a majority of our outstanding common shares as of September 21, 2018 must be present at the Annual Meeting either in person or by proxy. This is called a quorum. Your shares are counted as present at the Annual Meeting if you attend the Annual 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 Annual 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 Annual 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 Annual Meeting in person, however, in order to assist us in tabulating votes at the Annual Meeting, we encourage you to vote by using the telephone, Internet or, if applicable, by returning a proxy card.

**How do I vote before the Annual Meeting?**

Before the Annual Meeting, you may vote your shares in one of the following three ways: (1) via the Internet by following the instructions provided in the Notice, (2) by mail, if you requested printed copies of the proxy materials, by filling out the form of proxy card and sending it back in the envelope provided, or (3) by telephone, if you requested printed copies of the proxy materials, by calling the toll free number found on the proxy card. If you requested printed copies of the proxy materials, and properly sign and return your proxy card and return it in the prepaid envelope, your shares will be voted as you direct.

Please use only one of the three ways to vote. 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

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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 the Notice. 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 10 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.

**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, unless such proposal is a routine matter under applicable rules. See Will my shares held in street name be voted if I do not provide my proxy? below. The only routine matter to be presented at the Annual Meeting is Proposal 4: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm.

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

On certain routine matters, brokerage firms have the discretionary authority to vote shares for which their customers do not provide voting instructions. The only routine matter to be presented at the Annual Meeting is Proposal 4: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm.

**How will my proxy be voted?**

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

**What if I return my signed proxy card or complete Internet or telephone procedures but do not specify my vote?**

If you sign and return your 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 nine director nominees named in this proxy statement;

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

**FOR** the approval of the Company s shareholder rights plan; and

**FOR** ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2019 fiscal year.

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**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 by following the instructions in the Notice; 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.

**What vote is required to approve each proposal?**

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

The affirmative vote of a plurality of the votes cast by the shareholders entitled to vote at the Annual Meeting is required for the election of directors. 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.

- **Proposal 2: 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 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 of the Company s shareholder rights plan.**

We are asking our shareholders to approve the shareholder rights plan that our Board of Directors adopted on April 9, 2018. 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 proxy card, the Internet or telephone, your vote will not be counted as cast FOR or AGAINST this proposal. Broker non-votes likewise will not be treated as cast FOR or AGAINST this proposal. Accordingly, neither abstentions nor broker non-votes will have any legal effect on whether this proposal is approved.

**Proposal 4: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2019 fiscal year.**

Shareholder ratification of the appointment of our independent registered public accounting firm is not required, but the Board of Directors is submitting the appointment of Deloitte & Touche LLP for ratification in order to obtain the views of our shareholders. This proposal will be approved if the votes cast FOR the proposal exceed the votes cast AGAINST the proposal. If you submit a properly executed proxy card or use the

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Internet or telephone to indicate ABSTAIN on this proposal, your vote will not be counted as cast on this proposal. This proposal is considered routine, and thus if you hold your shares in street name, your broker may vote your shares for you absent any other instructions from you. Abstentions will not have any legal effect on whether this proposal is approved. If the appointment of Deloitte & Touche LLP is not ratified, the Audit Committee will reconsider its appointment.

**How do you recommend that I vote on these items?**

The Board of Directors recommends that you vote:

- **FOR** the election of each of the nine director nominees named in this proxy statement;

- **FOR** the approval, on an advisory basis, of the compensation of the Company s named executive officers as disclosed in this proxy statement;

- **FOR** the approval of the Company s shareholder rights plan; and

- **FOR** ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2019 fiscal year.

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

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

The Chairman has broad authority to conduct the Annual Meeting so that the business of the Annual 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 Annual Meeting. The Chairman is also entitled to rely upon applicable law regarding disruptions or disorderly conduct to ensure that the Annual Meeting proceeds in a manner that is fair to all participants.

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## BOARD OF DIRECTORS AND COMMITTEES

### Directors

The names and biographies of each member of our Board of Directors are set forth in this proxy statement under PROPOSAL 1: ELECTION OF DIRECTORS, beginning on page 48 of this proxy statement. All of the current members of our Board of Directors are nominees for re-election to the Board.

### Board Meetings

Our Board of Directors met eight times during 2018. 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 2018 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 2018.

### Board Committees

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

| Name of Committee and Members | Functions of the Committee | Number of Meetings in 2018 |
|---|---|---|
| **AUDIT:** | Acts as liaison between our Board of Directors and independent auditors | 8 |
| Richard J. Dobkin, Chair<br>Norman E. Johnson<br>William W. McCarten<br>Andrea M. Weiss | Reviews and approves the appointment, performance, independence and compensation of independent auditors<br><br>Has authority to hire, terminate and approve payments to the independent registered public accounting firm and other committee advisors | |

Is 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

Reviews our significant accounting policies and any changes to those policies

Reviews policies and practices with respect to risk assessment and risk management

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| Name of Committee and Members | Functions of the Committee | Number of Meetings in 2018 |
|---|---|---|
| | 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:** | Reviews management performance, particularly with respect to annual financial goals | 5 |
| Coleman H. Peterson, Chair<br>Thomas H. Barr<br>James W. Bradford<br>Meg Crofton | Administers compensation plans and reviews and approves salaries, bonuses and equity compensation grants of executive officers, excluding the Chief Executive Officer for whom the committee makes a recommendation to the Board of Directors for its approval | |
| | Monitors compliance of directors and officers with our stock ownership guidelines | |
| | Evaluates the risk(s) associated with our compensation programs | |
| | 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 | |
| **NOMINATING AND CORPORATE GOVERNANCE:** | Identifies and recruits qualified candidates to fill positions on our Board of Directors | 3 |
| Norman E. Johnson, Chair<br>Richard J. Dobkin<br>William W. McCarten<br>Coleman H. Peterson | Considers nominees to our Board of Directors recommended by shareholders in accordance with the nomination procedures set forth in our bylaws<br><br>Reviews corporate governance policies and makes recommendations to our Board of Directors<br><br>Reviews and recommends the composition of the committees of our Board of Directors<br><br>Oversees annual performance review of our Board of Directors and the committees thereof<br><br>Reviews, on behalf of our Board of Directors, a succession plan with the Chairman of the Board and the Chief Executive Officer and reports to our Board of Directors on that issue | |

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| Name of Committee and Members | Functions of the Committee | Number of Meetings in 2018 |
|---|---|---|
| **PUBLIC RESPONSIBILITY:** | Assists the Board of Directors in fulfilling its oversight responsibility for the Company s overall enterprise risk management program | 2 |
| Andrea M. Weiss, Chair<br>Thomas H. Barr<br>James W. Bradford | Analyzes public policy trends and makes recommendations to the Board of Directors regarding how the Company can anticipate and adjust to these trends | |
| | Annually reviews the policies, procedures and expenditures for the Company s political activities, including political contributions and direct and indirect lobbying | |
| | Reviews the Company s progress toward its diversity goals and compliance with the Company s responsibilities as an equal opportunity employer | |
| | Reviews the Company s human and workplace rights policies | |
| | Reviews and recommends procedures concerning the transmission of the Company s positions on public policy and social issues via digital media outlets | |
| | Reviews any shareholder proposals that deal with public policy issues and makes recommendations to the Board of Directors regarding the Company s response to such proposals | |
| **EXECUTIVE:** | Meets at the call of the Chief Executive Officer or Chairman of the Board | 0 |
| James W. Bradford, Chair<br>Sandra B. Cochran | Meets when the timing of certain actions makes it appropriate to convene the committee rather than the entire Board of Directors | |

| | |
|---|---|
| Richard J. Dobkin | |
| Norman E. Johnson | May carry out all functions and powers of our Board of Directors, subject to certain exceptions under applicable law |
| Coleman H. Peterson | |
| Andrea M. Weiss | Advises senior management regarding actions contemplated by the Company whenever it is not convenient or appropriate to convene the entire Board of Directors |

**Board Leadership Structure**

Our Board of Directors regularly considers the appropriate leadership structure for the Company, and believes that its current leadership structure, with Mr. Bradford serving as Chairman and Ms. Cochran serving as the Chief Executive Officer, best serves (i) the objectives of the Board of Directors oversight of management, (ii) the ability of the Board of Directors to carry out its roles and responsibilities on behalf of the shareholders, and (iii) the Company s overall corporate governance.

Notwithstanding our current leadership structure, our Board of Directors has concluded that it is important for the Board of Directors to retain flexibility in exercising its judgment to determine whether the same

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individual should serve as both Chief Executive Officer and Chairman at any given point in time, rather than adhering to a formal standing policy on the subject. This approach allows our Board of Directors to use its considerable experience and knowledge to elect the most qualified director as Chairman, while maintaining the ability to combine or separate the Chairman and Chief Executive Officer roles when appropriate. Accordingly, at different points in time, the Chief Executive Officer and Chairman roles may be held by the same person. At other times, as currently, they may be held by different individuals. In each instance, the decision on whether to combine or separate the roles is determined by what the Board of Directors believes is in the best interests of our shareholders, based on the circumstances at the time. By way of example, in the event of a departure of either our Chief Executive Officer or Chairman, the Board of Directors could reconsider the leadership structure and whether one individual was then suited to fulfill both roles, based on the individual s experience and knowledge of our business and whether the directors considered it in the best interest of the Company to combine the positions.

Our Board of Directors will continue to evaluate the Company s leadership structure on an ongoing basis to ensure that it is appropriate at all times.

**Board Oversight of Risk Management**

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

Our Board of Directors is comprised predominantly of independent directors (eight of our nine directors), and all directors who served on the key committees of our Board of Directors (Audit, Compensation, Nominating and Corporate Governance, and Public Responsibility) during 2018 were independent under applicable Nasdaq listing standards and our Corporate Governance Guidelines. This system of checks and balances ensures that key decisions made by the Company s most senior management, up to and including the Chief Executive Officer, are reviewed and overseen by the non-employee directors of our Board of Directors.

Risk management oversight by the full Board of Directors includes a comprehensive annual review of our overall strategic plans, including the risks associated with these strategic plans. Our Board of Directors also conducts an annual review, led by the Audit Committee, 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 regular 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 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

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presentations. In addition, our Chief Financial Officer, Vice President of Internal Audit, General Counsel and representatives of our independent registered public accounting firm individually meet in private sessions with the Audit Committee to raise any concerns they might have with the Company s risk management practices.

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

The Public Responsibility Committee oversees the risks associated with the Company s response to public relations matters and public policy trends. The Public Responsibility Committee discussed and conducted specific analyses of the management of public relations issues as well as the Company s commitment to diversity and corporate responsibility through various channels, including social and digital media.

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

**Compensation of Directors**

For 2018, we ceased paying Board and committee meeting fees to our outside directors, and increased the annual retainers that we pay them in respect of their service on the Board and on the various committees thereof. The Board made this change, on the recommendation of the Compensation Committee and after studying the issue in consultation with Frederic W. Cook & Co., the Compensation Committee s outside compensation consultant ( FW Cook ). In making its recommendation to the Board, the Compensation Committee considered various factors, including the fact that the majority of the Company s peer group have moved away from paying meeting fees. In light of the Compensation Committee s recommendation, the Board determined to eliminate meeting fees and instead (i) increase the annual retainer payable to each outside director and (ii) pay an additional retainer to the chair and members of each committee of the Board, as follows:

Annual Director Retainer (payable to all outside directors): $75,000

Audit Committee Retainers: Chair $25,000; Non-chair member $14,000

Compensation Committee Retainers: Chair $20,000; Non-chair member $12,500

Nominating and Governance Committee Retainers: Chair  $15,000; Non-chair member  $5,500

Public Responsibility Committee Retainers: Chair  $13,000; Non-chair member  $2,500

Executive Committee Retainers: None

The Compensation Committee s recommendation to the Board also takes into consideration the competitiveness of total compensation relative to our restaurant and retail industry peer companies (see page 19 of this proxy statement for a discussion of our peer group) and similarly sized general industry companies. To assess the competitiveness of our director compensation program, FW Cook annually conducts a market assessment at the request of the Compensation Committee. FW Cook s assessment presented in July 2017 in

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connection with the Board s determination of outside director compensation for fiscal 2018 found total compensation provided to Cracker Barrel s outside directors to be aligned with median total compensation of the peer group and the median of similarly sized general industry companies.

Although we no longer pay meeting fees, we do reimburse our outside directors for their reasonable and customary expenses incurred in travelling to and attending meetings.

Each non-employee director who is elected at an annual meeting also receives a grant of restricted stock units ( RSUs ) having a value equal to approximately $110,000, with the number of RSUs 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 down to the nearest whole share. These awards vest at the earlier of one year from the date of grant or at the next annual meeting of shareholders. The Company has no knowledge of any agreement or arrangement between any director or director nominee and any person or entity other than the Company relating to compensation or other payment in connection with such person s candidacy or service as a director.

In addition to the compensation set forth above with respect to each outside director, our independent Chairman, James W. Bradford, was paid an additional annual cash retainer of $35,000 and received an additional grant of RSUs having a value equal to approximately $65,000, based on the closing price of our common stock on the date of the grant, as reported by Nasdaq, and rounded to the nearest whole share. These RSUs vest at the earlier of one year from the date of grant or at the next annual meeting of shareholders.

Our non-employee directors are also offered the option to participate in a directors deferred compensation plan. This 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%. The compensation of our directors during 2018 is detailed in the Director Compensation Table, which can be found on page 40 of this proxy statement.

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# EXECUTIVE COMPENSATION

## *COMPENSATION DISCUSSION AND ANALYSIS*

This portion of the proxy statement, called the Compensation Discussion and Analysis or CD&A, provides a description of the objectives and principles of our executive compensation programs. It explains how compensation decisions are linked to Cracker Barrel s performance relative to our strategic goals and our efforts to drive shareholder value. It is also meant to give our shareholders insight into the deliberative process and the underlying compensation philosophies that are the foundation of the design of the pay packages of our executive officers. Generally, Cracker Barrel s executive compensation programs apply to all executive officers, but this CD&A focuses on the compensation decisions relating to our executive officers who qualified as named executive officers under applicable SEC rules (the Named Executive Officers or NEOs ) during 2018.

### Executive Summary

2018 was a more challenging year for the Company, as our financial results were below our expectations. We experienced traffic erosion and faced higher than anticipated commodity inflation, particularly in the second half of the year, and certain seasonal promotional menu items performed weaker than expected in the fourth quarter, causing us to achieve approximately 90% of our planned levels of operating income in 2018.

Consistent with our pay-for-performance philosophy designed to align our executive compensation with the interests of our shareholders, we paid annual bonuses to our executive officers at 61.8% of target in 2018, which decreased their cash compensation from 2017 levels. The annual bonus payable to our Chief Executive Officer, Ms. Cochran, in respect of 2018 was approximately $584,000 less than she received for 2017, a decrease of approximately 42.8%. Similarly, because 50% of the value of the equity grants made to our executive officers in 2018 was in the form of performance shares, we currently expect that these share awards will pay out below target.

Notwithstanding the fact that we did not perform up to our expectations, the Company made substantial achievements in various areas and continued to make progress on a number of key initiatives in 2018.

- We continued to deliver strong yields to our shareholders by increasing our quarterly dividend to $1.25 per share and declaring our fourth special dividend in as many years. This special dividend was in the amount of $3.75 per share, up from $3.50 in 2017.

- We continued making investments in and successfully growing our off-premises business lines of individual to-go, catering and special occasion dining, which we believe will be core drivers of growth, particularly among our younger guest base.

- We achieved our best year for store manager retention in at least the last twenty years, with turnover limited to approximately 17% across our system despite a highly competitive market for talent and historically low levels of unemployment throughout the United States.

We opened eight new Cracker Barrel stores, including our first ever store in California, as we continue to expand our footprint in the western United States.

We opened three new Holler & Dash restaurants and further refined our business model for this exciting new concept.

We successfully launched a system-wide crafted coffee initiative, installing more than $12 million of new specialized equipment to enable our restaurants to deliver specialty coffee beverages that are selling well and provide us with another platform for seasonal offerings that we believe will resonate with guests.

We continued to drive cost savings throughout the organization, and successfully implemented sustainable measures to reduce costs by approximately $6 million in 2018.

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***Summary of 2018 Compensation Actions***

Pay actions for our Named Executive Officers in 2018 reflected the foregoing challenges and achievements, and as indicated above, demonstrated a strong alignment between our NEO compensation and the Company s performance. The chart below describes the elements of our executives pay (each of which is discussed in greater detail in this CD&A) and summarizes how each element was handled in 2018:

| **Pay Element** | **Pay Element in 2018** |
|---|---|
| Base Salary | Our CEO, Ms. Cochran, and Ms. Daily each received a merit increase of base salary of approximately 4.2% at the outset of 2018. Ms. Golder and Mr. Flanagan received increases of approximately 7.4% and 7.1%, respectively. Mr. Wolfson joined the Company at the beginning of 2018 and was not eligible for an increase. |
| Annual Bonus Plan | In 2018 our operating income for bonus purposes was approximately $299 million, or approximately 90.3% of our 2018 target performance. Consequently, 2018 bonuses were paid out to our NEOs (and to approximately 180 other employees whose 2018 bonuses were determined by an operating income performance metric) at 61.8% of target. |
| Long-Term Performance Incentives | Our executives received two long-term incentive ( LTI ) awards in 2018 which are payable in future years based on the achievement of certain performance goals, as follows: |
| | A 2018 Long Term Performance Plan ( LTPP ) award that will be payable based on our achievement of certain level of return on invested capital (ROIC) during years 2018 and 2019. Based on the Company s performance in 2018, we anticipate that these awards will pay out below target. |
| | A 2018 restricted stock unit ( RSU ) award that will be payable (i) at target if our relative TSR over the next three years (i.e., 2018, 2019 and 2020) is between the 25$^{th}$ and 75$^{th}$ percentiles of the S&P MidCap 400 Index; (ii) at 75% of target if our relative TSR over such time period is equal to or below the 25$^{th}$ percentile of such index; and (iii) at 125% of target if our relative TSR over such time period is equal to or above the 75$^{th}$ percentile of such index. |
| | In addition, performance-based equity awards that were granted in earlier years were paid out to our NEOs in 2018, as follows: |

| | |
|---|---|
| | 2017 LTPP Awards, which were granted in 2017 and had a two-year performance period (2017 and 2018) were paid out at 99.8% of target, reflecting our achievement of an 22.9% ROIC, on average, over the past two years. |
| | 2016 MSU Grants, which were granted in 2016 and had a three-year performance period (2016, 2017 and 2018), were paid out at 117.3% of target, reflecting our achievement of an 17.3% positive change in cumulative TSR over the past three years. |
| Long-Term Retention Incentives | At the outset of 2018, our NEOs received time-based RSUs. These awards cliff-vest after three years (i.e., at the end of 2020), and are intended to encourage executive retention. |

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| Pay Element | Pay Element in 2018 |
|---|---|
| Health and welfare benefits | There were no material changes to the health and welfare benefits provided to NEOs in 2018. |
| CEO Employment Agreement | The Company entered into a new employment agreement with Ms. Cochran at the end of 2018 which replaced her 2015 agreement that was due to expire in September 2018. No other NEO has an employment agreement.<br><br>Under her new employment agreement, Ms. Cochran, who became retirement-eligible under Company policy in August 2018, agrees to provide the Company with at least 12 months notice prior to retiring. In exchange for this obligation, upon her retirement Ms. Cochran will be entitled to continued vesting of all of her then-outstanding equity awards in their normal course and subject to the achievement of any applicable performance goals.<br><br>The Company may terminate the employment agreement at any time, and Ms. Cochran s employment with the Company is at will . Nevertheless, the Company will have to make certain payments and provide certain benefits to Ms. Cochran in the event the Company terminates the employment relationship without cause or Ms. Cochran terminates the relationship for good reason (each as defined in the agreement). The amount of these payments and benefits depends on the timing of the termination and whether it occurs in connection with a change of control of the Company.<br><br>Ms. Cochran is bound by various restrictive covenants, including those relating to confidentiality, noncompetition and non-solicitation of employees. She is also obligated to sign a comprehensive release in favor of the Company in order to receive the above-described payments and benefits.<br><br>Ms. Cochran s employment agreement does not provide for any gross-ups of payments or benefits payable to her, including any excise tax gross-ups due to a change in control of the Company, and she remains solely responsible for paying taxes on these amounts to the extent incurred. Ms. Cochran s employment agreement is detailed below on page 41 of this proxy statement. |
| Severance and Change in Control Agreements | In 2018, the Company entered into a new Severance Agreement and a new Change in Control ( CIC ) Agreement with each NEO other than Ms. Cochran. These agreements replaced a former Severance and Change in Control Agreement in place between the Company and each of its officers that was entered into in 2015 and expired in May 2018. |

Under the new Severance Agreement, depending on his/her years of service, each NEO will be entitled to 12-18 months of base salary and continuation of medical benefits under COBRA (with the executive paying the premiums) in the event that he/she is terminated without cause or he or she terminates for good reason, as such terms are defined in the agreement.

Under the new CIC Agreement, which requires a double trigger for full payment during the two year period following the CIC, the Company agrees to keep each NEO in his or her current position at the

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| Pay Element | Pay Element in 2018 |
|---|---|
| | same level of compensation and benefits for a period of two years following the CIC. During this two-year period, if the Company terminates the executive other than for cause or if the executive terminates for good reason (as defined in the CIC Agreement) then, in addition to any unpaid salary, bonus and vacation, the executive will be entitled to a payment equal to two times his or her salary and target bonus, a prorated bonus for the year of termination, a cash out of all outstanding equity awards to the extent not previously vested and paid, and continuation of perquisites and benefits for two years.<br><br>Under both the Severance Agreement and the CIC Agreement, each NEO is bound by various restrictive covenants, including those relating to confidentiality, noncompetition and non-solicitation of employees. Each NEO is also obligated to sign a comprehensive release in favor of the Company in order to receive the above-described payments and benefits.<br><br>Neither the Severance Agreement nor the CIC Agreement provide for any gross-ups of payments or benefits payable to an NEO, including any excise tax gross-ups due to a change in control of the Company. The NEO remains solely responsible for paying taxes on these amounts to the extent incurred. |

***Advisory Vote on Executive Compensation***

Last year, we held our annual advisory vote to approve Named Executive Officer compensation, commonly known as Say on Pay. Approximately 96% of the votes cast (excluding broker non-votes and abstentions) were in favor of our executive compensation as disclosed in our 2017 Proxy Statement. The Compensation Committee considered these results, as well as other feedback the Company has received from shareholders as part of its ongoing review of our executive compensation programs, and determined not to make material changes to our executive compensation programs because the Compensation Committee believes this advisory vote indicates considerable shareholder support for continuing the Company s strong pay-for-performance philosophy.

## Elements of Compensation Program

### *Compensation Philosophy*

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

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

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

***Role of the Compensation Committee***

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

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

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

***Role of Management***

Management plays the following roles in the compensation process:

- Management recommends to our Board of Directors business performance targets and objectives for the annual plan and provides background information about the underlying strategic objectives;
- Management evaluates employee performance;
- Management recommends cash compensation levels and equity awards;

Management works with the Compensation Committee Chairman to establish the agenda for Compensation Committee meetings;

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

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

The Chief Executive Officer does not play a role in determining 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, and information about our annual and longer-term goals. When

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requested by the Compensation Committee, selected members of management may also review consultant recommendations on plan design and structure and provide a perspective to the Compensation Committee on how these recommendations may affect recruitment, retention and motivation of our employees as well as how they may affect us from an administrative, accounting, tax or similar perspective.

***Role of Independent Compensation Consultant***

To assist the Compensation Committee with establishing executive compensation, the Compensation Committee retains FW Cook to provide competitive market data, assist in establishing a peer group of companies and provide guidance on compensation structure as well as levels of compensation for our senior executives and the Board. The Compensation Committee consulted with FW Cook in determining the compensation to be awarded to all of the Named Executive Officers, including Ms. Cochran, in 2018.  FW Cook reports directly to the Compensation Committee. The Compensation Committee has assessed the independence of FW Cook pursuant to applicable SEC and Nasdaq rules and concluded that no conflict of interest exists that would prevent FW Cook from serving as an independent consultant to the Compensation Committee.

***Analysis of Peer Group***

The Compensation Committee evaluates a variety of factors in establishing an overall compensation program that best fits our overarching goals of maximizing shareholder return and building a stronger company. As one element of this evaluative process, the Compensation Committee, with the assistance of FW Cook, considers competitive market compensation paid by other similarly situated companies and attempts to maintain compensation levels and programs that are comparable to and competitive with those of a peer group of similarly situated companies. Although we do not expressly  benchmark  our compensation relative to that provided by our peers, the Compensation Committee does use the peer group data as a component of its analysis to ensure relative consistency at the median level of our peers. The peer group is reviewed annually by the Compensation Committee, working with FW Cook, 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, as measured by primarily by sales but also by market capitalization, enterprise value, and other relevant factors; and

- Organizations with similar geographic dispersion and workforce demographics.

The Company believes that the selection of a peer group to be used for assessing the competitiveness of its executive compensation levels is something that requires reconsideration every year. The Company reviews its peer group on an annual basis and changes certain members of the peer group as the Company refines its comparison criteria and when the Company and members of the peer group change in ways that make comparisons less or more appropriate.

With assistance from FW Cook, the Compensation Committee conducted its annual review of the Company s peer group in 2018 to confirm the alignment of the Company s peer group with the Company in terms of similarity of business, median revenue and market capitalization, and to remove any company within the peer group that had been acquired and was no longer publicly traded. Specifically, in furtherance of these objectives, the Committee decided to eliminate Bob Evans Farms, Inc. from the peer group and to add Denny s Corporation.

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Following these changes, the peer group referenced as part of our determining 2018 compensation was comprised of the following 15 publicly-traded companies:

| | |
|---|---|
| Big Lots, Inc. | Denny s Corporation |
| Bloomin Brands, Inc. | DineEquity, Inc. |
| Brinker International, Inc. | Jack-in-the-Box, Inc. |
| Buffalo Wild Wings, Inc. | Panera Bread Co. |
| Cheesecake Factory, Inc. | Red Robin Gourmet Burgers, Inc. |
| Chipotle Mexican Grill, Inc. | Tractor Supply, Inc. |
| Darden Restaurants, Inc. | The Wendy s Company |
| | Williams-Sonoma, Inc. |

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

***Overview of Compensation Elements***

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

In general, our compensation policies have provided for a more significant emphasis on long-term equity compensation than on annual cash compensation for our executive officers. Our long-term equity compensation consists of (i) a LTPP that provides for awards of performance shares tied to successful achievement of pre-determined ROIC goals over a two-year period, (ii) grants of performance RSUs with three-year vesting, with the actual number of shares delivered depending on the Company s relative TSR performance over the three-year vesting period compared to an industry index, and (iii) time-based RSUs that vest over a three-year period from the date of grant, subject to continued employment of the recipient. The Compensation Committee believes that the Company s 2018 pay mix supports the Company s strong pay for performance culture, as demonstrated by the fact that approximately 83% of our Chief Executive Officer s target total direct compensation and approximately 63% of our other Named Executive Officers target total direct compensation in 2018 were variable or at risk, tied to the Company s measurable performance and/or change in stock price.

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

| Pay Element | What the Pay Element Rewards | Purpose of the Pay Element |
| --- | --- | --- |
| Base Salary | Skills, experience, competence, performance, responsibility, leadership and contribution to the Company | Provide fixed compensation for daily responsibilities |
| Annual Bonus Plan | Annual achievement of profitability (operating income) targets | Focus attention on meeting annual performance targets and our near-term success, provide additional cash compensation and incentives based on our annual performance |
| Long-Term Performance Incentives (LTPP and Performance RSUs) | Achieving multi-year: (i) ROIC targets and (ii) relative TSR performance | Focus attention on meeting longer-term performance targets and our long-term success, create alignment with shareholders by focusing efforts on longer-term financial and shareholder returns; Management retention |
| Long-Term Retention Incentive (time-based RSUs) | Continued service to the Company and its shareholders | Create alignment with shareholders by focusing efforts on longer-term financial and shareholder returns; Management retention |
| Health and welfare benefits | Provide appropriate amount of safety and security for executives and their families (as applicable) in the form of medical coverage as well as death/disability benefits | Allow executives to focus their efforts on running the business effectively |

We believe our compensation programs are generally consistent with best practices for sound corporate governance.

We **DO**:

- Maintain robust stock ownership and retention guidelines for executives and non-executive directors;

- Conduct annual risk assessments of our compensation programs;

Deliver a majority of the target value of our long-term incentive program (as calculated at the time of grant) through performance-contingent awards;

Only accelerate equity upon change-in-control AND termination ( double trigger vesting); and

Maintain anti-hedging, anti-pledging and recoupment (or clawback ) policies.

We do **NOT**:

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

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Provide material perquisites for executives;

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

Pay dividends on unvested LTI awards; or

Provide special executive retirement programs.

***Base Salary***

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

Base salaries for 2017 and 2018 for the Named Executive Officers were as follows:

| NAMED EXECUTIVE OFFICER | 2017 BASE SALARY | 2018 BASE SALARY | PERCENT CHANGE |
|---|---|---|---|
| Sandra B. Cochran | $ 1,056,000 | $ 1,100,000 | 4.2% |
| Jill M. Golder | $ 475,000 | $ 510,000 | 7.4% |
| Nicholas V. Flanagan | $ 467,000 | $ 500,000 | 7.1% |
| Richard M. Wolfson(1) | N/A | $ 350,000 | N/A |
| Laura A. Daily | $ 336,000 | $ 350,000 | 4.2% |

(1) Mr. Wolfson joined the Company at the start of 2018.

***Annual Bonus Plan***

The annual bonus plan generally provides our executive officers with the opportunity to receive additional cash compensation based on a targeted percentage of base salary, but only if the Company successfully meets established performance targets. For 2018, executive officers were eligible to receive a bonus, depending upon the Company s operating income performance relative to a target set at the beginning of the year. In 2018, following the passage of the Tax Cuts and Jobs Act, the Board authorized management to make certain unbudgeted investments of approximately $12 million of the Company s approximately $24 million of unanticipated tax savings in order to accelerate certain strategic initiatives. As part of this authorization, the Board agreed that the investments should be excluded from the calculation of 2018 operating income. The Company ultimately completed approximately $5.4 million of these investments before the end of 2018, and this amount was excluded for purposes of calculating the Company s operating income for annual bonus purposes.

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The following graph reflects the various potential payout levels at different levels of performance (net of the approximately $5.4 million of investments):

**Bonus Curve**

**(Dollars are in Thousands)**

For 2018, the Company s target operating income was $331.1 million and the Company achieved an operating income of approximately $299 million (net of the approximately $5.4 million of investments), which was approximately 90.3% of the operating income target. As a result of the Company s performance, annual bonus payouts were approximately 61.8% of the target percentage of base salary (see table below).

| | 2018 Operating Income Goals | | Actual 2018 Operating Income Performance ($000) | 2018 Annual Bonus Plan Payout |
|---|---|---|---|---|
| | **Performance Range ($000)** | **Payout Range (% of target)** | | |
| **Threshold** | $ 281,451 | 30% | | |
| **Target** | $ 331,119 | 100% | $ 298,992 | 61.78% |
| **Maximum** | $ 380,787 | 200% | | |

The following table sets forth (i) target 2018 bonuses 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 2018 annual bonus plan at 61.78% of target:

| NAMED EXECUTIVE OFFICER | 2018 BASE SALARY | 2018 BONUS TARGET PERCENTAGE | 2018 BONUS TARGET | ACTUAL PAYOUT PERCENTAGE | 2018 ACTUAL BONUS |
|---|---|---|---|---|---|
| Sandra B. Cochran | $ 1,100,000 | 115% | $ 1,265,000 | 61.78% | $ 781,512 |
| Jill M. Golder | $ 510,000 | 70% | $ 357,000 | 61.78% | $ 220,555 |
| Nicholas V. Flanagan | $ 500,000 | 70% | $ 350,000 | 61.78% | $ 216,230 |
| Richard M. Wolfson | $ 350,000 | 60% | $ 210,000 | 61.78% | $ 129,738 |
| Laura A. Daily | $ 350,000 | 60% | $ 210,000 | 61.78% | $ 129,738 |

The above 2018 annual bonuses are reflected in the 2018 Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 34 of this proxy statement.

***Long-Term Incentives***

The Compensation Committee believes that long-term incentives, particularly equity-based awards, provide a strong alignment of the interests of shareholders and executives and serve as a valuable talent retention tool. Therefore, a significant portion of our executive officers total compensation is provided in the form of equity awards, which are granted under our 2010 Omnibus Stock and Incentive Plan (the 2010 Omnibus Plan ). Each year the Compensation Committee considers and discusses various alternatives as to the form and structure of equity-based awards in order to best achieve these goals of shareholder alignment and talent retention.

*Long-Term Incentive Arrangements for 2018*

Overview. In 2018, the Company s equity compensation to executive officers was governed by the 2018 Long-Term Incentive Program ( LTIP ). The 2018 LTIP, which was adopted at the start of 2018, consists of three components: (i) a LTPP (the 2018 LTPP ), which represents 50% of the LTIP target value at the time of grant and provides for awards of performance shares tied to the Company s successful achievement of a pre-determined return on invested capital ( ROIC ) goal over fiscal years 2018 and 2019; (ii) an RSU Grant with relative TSR modifier (the 2018 Performance RSU Grant ), which represents 25% of the LTIP target value at the time of grant and provides for awards of time-based restricted stock units, with cliff vesting after three years from the date of grant, that may be increased or decreased by 25% of the target award amounts as a result of the Company s TSR relative to the S&P MidCap 400 Index over fiscal years 2018, 2019 and 2020; and (iii) a time-based RSU Grant (the 2018 Time-based RSU Grant ), which represents the remaining 25% of the LTIP target value at the time of grant and provides for awards of time-based restricted stock that cliff-vest after three years from the date of grant, subject to an executive s continued employment with the Company on the vesting date. The foregoing description is reflected in the following diagram:

The foregoing structure was the same as the one used in 2017, except that the form of the time-based component of the LTI program was changed from restricted stock awards ( RSAs ) in 2017 to RSUs in 2018. The Committee made this change because RSUs provide the same retention benefits to the Company but are more flexible awards from a tax planning and expense perspective than RSAs. The Compensation Committee believes that the foregoing balance of performance and time-based awards properly incentivizes executive retention, is consistent with the practices of our closest competitors, and aligns our executives interests with those of our shareholders.

Each year the Compensation Committee approves equity grants to executive officers in the LTIP and determines the target percentage of an executive officer s salary to be represented by each of the 2018 LTPP, the 2018 Performance RSU Grant, and the 2018 Time-based RSU Grant (such percentages are referred to as an LTPP Percentage, Performance RSU Percentage and Time-based RSU Percentage, respectively, and

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collectively as the executive officer s LTIP Percentage ). The Compensation Committee established the 2018 LTIP Percentages for our executive officers and the relative amount of each component (i.e., each officer s LTPP Percentage, Performance RSU Percentage and Time-based RSU Percentage) at the same time the Compensation Committee established the 2018 LTIP. Each officer s LTPP Percentage, RSU Percentage and Time-based RSU Percentage were then used to derive a target award for the officer, expressed as a number of shares. In the case of the 2018 LTPP and 2018 Performance RSU Grant, the number of shares that are ultimately awardable depends on whether and to what extent the Company meets or exceeds targets for the relevant performance metrics for each of the applicable performance components. In the case of the 2018 Time-based RSU Grant, the number of shares was determined by reference to the average closing price of the Company s common stock during the last 30 calendar days of 2017 and the first 30 calendar days of 2018, which was $156.624

All awards granted under the LTIP are credited with dividend equivalent rights for any cash dividends paid on the Company s stock between the award date and the vesting date, based on the number of shares ultimately awarded, and the deferred amounts are settled in cash upon the vesting of the awards at the end of the performance period. No dividends are paid on unvested/unearned shares.

2018 LTPP. For 2018, each executive officer was eligible to receive an 2018 LTPP award (a 2018 LTPP Award ) of up to 200% of a target number of shares, which target was calculated by dividing (i) the product of (x) the executive officer s LTPP Percentage for the plan year multiplied by (y) his or her base salary at the time the target 2018 LTPP award was determined, by (ii) the average closing price of the Company s common stock during the last 30 calendar days of 2017 and the first 30 calendar days of 2018, which was $156.624. The actual number of shares that will be awarded based on these LTPP targets will be determined at the end of the applicable performance period and will be forfeited (with the exception of awards granted to Ms. Cochran) if, prior to that time, a participant is terminated or voluntarily resigns other than as a result of (i) retirement by an individual who meets the retirement-eligible conditions of 60 years of age and at least five years of service, for which such awards will be prorated for time served and based on actual performance determined at the end of the performance period; or (ii) following a change in control of the Company.

The performance metric for LTPP performance is ROIC, measured over a two-year performance period. For the 2018 LTPP, the Compensation Committee set a target of cumulative ROIC over 2018 and 2019.

At the end of the performance period, the Compensation Committee will determine final award amounts based on Company performance relative to these targets. The final 2018 LTPP Awards will be determined after the conclusion of the 2018 LTPP s performance period, covering 2018 and 2019. The following table summarizes the target and maximum 2018 LTPP Awards for each of our Named Executive Officers:

| NAMED EXECUTIVE OFFICER | LTPP PERCENTAGE | BASE SALARY | LTPP TARGET VALUE | LTPP TARGET AWARD (# Shares) | LTPP MAX. AWARD (# Shares) |
|---|---|---|---|---|---|
| Sandra B. Cochran | 185.0% | $ 1,100,000 | $ 2,035,000 | 12,992 | 25,984 |
| Jill M. Golder | 60.0% | $ 510,000 | $ 306,000 | 1,953 | 3,906 |
| Nicholas V. Flanagan | 60.0% | $ 500,000 | $ 300,000 | 1,915 | 3,830 |
| Richard M. Wolfson | 50.0% | $ 350,000 | $ 175,000 | 1,117 | 2,234 |
| Laura A. Daily | 37.5% | $ 350,000 | $ 131,250 | 837 | 1,674 |

2018 Performance RSU Grant. Under the 2018 Performance RSU Grant, each executive officer was eligible to receive a target RSU award, which target was calculated by dividing (i) the product of (x) the executive s Performance RSU Percentage for 2018 multiplied by (y) his or her base salary at the time the target 2018 Performance RSU Grant was determined, by (ii) the average closing price of the Company s common stock during the last 30 calendar days of 2017 and the first 30 calendar days of 2018, which was $156.624. The possible number of shares that may ultimately be awarded upon vesting can range from 75% to 125% of the target 2018 RSU Grant, pursuant to a potential adjustment based on the Company s TSR performance relative to the S&P MidCap 400 Index (the Index ) over the three-year performance period. Accordingly, the final 2018

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RSU Grant to be received by an executive officer, subject to the operating income performance and continued employment conditions described below, will be equal to (i) his or her target 2018 Performance RSU Grant if the Company s TSR performance over the three-year performance period is between the 25th and 75th percentiles of the Index; (ii) 75% of his or her target 2018 RSU Grant if the Company s TSR performance over the three-year performance period is at or below the 25th percentile of the Index; and (iii) 125% of his or her target 2018 Performance RSU Grant if the Company s TSR performance over the three-year performance period is at or above the 75th percentile of the Index.

The actual number of shares that will be awarded based on these performance metrics will be determined at the end of the applicable performance period and the 2018 Performance RSU Grants will be forfeited (with the exception of awards granted to Ms. Cochran) if, prior to the end of the three-year performance period, a participant is terminated or voluntarily resigns, other than (i) as a result of retirement by an individual who meets the retirement-eligible conditions of 60 years of age and at least five years of service, in which case such awards will be prorated for time served during the performance period prior to retirement and based on actual performance determined at the end of the performance period, or (ii) in the event of a change in control of the Company.

The following table summarizes the target 2018 Performance RSU Grants and applicable 75% and 125% thresholds for each of our Named Executive Officers:

| NAMED EXECUTIVE OFFICER | PERFORMANCE RSU PERCENTAGE | BASE SALARY | 75% RSU THRESHOLD | RSU TARGET | RSU 125% MAXIMUM |
|---|---|---|---|---|---|
| Sandra B. Cochran | 92.5% | $ 1,100,000 | 4,872 | 6,496 | 8,120 |
| Jill M. Golder | 30.0% | $ 510,000 | 732 | 976 | 1,220 |
| Nicholas V. Flanagan | 30.0% | $ 500,000 | 717 | 957 | 1,196 |
| Richard M. Wolfson | 25.0% | $ 350,000 | 418 | 558 | 697 |
| Laura A. Daily | 18.75% | $ 350,000 | 313 | 418 | 522 |

2018 Time-based RSU. Under the 2018 Time-based RSU, each executive officer was eligible to receive a target award of Time-based RSUs, which target was calculated by dividing (i) the product of (x) the executive s Time-based RSU Percentage for the plan year multiplied by (y) his or her base salary at the time the target 2018 Time-based RSU was determined by (ii) $ 156.624, which was the average closing price of the Company s common stock during the last 30 calendar days of 2017 and the first 30 calendar days of 2018. Each executive officer s 2018 Time-based RSU award will cliff-vest three years from the date of grant, so long as he or she is employed by the Company on the vesting date. The 2018 Time-based RSUs will be forfeited (with the exception of awards granted to Ms. Cochran) if, prior to the end of the three-year vesting period, a participant is terminated or voluntarily resigns other than (i) as a result of retirement by an individual who meets the retirement-eligible conditions of 60 years of age and at least five years of service, for which such awards will be prorated for time served; or (ii) in the event of a change of control of the Company. The 2018 Time-based RSUs are intended as a long-term retention incentive and, consequently, are not conditioned upon the Company s achievement of any pre-established level of operating income or other performance goals.

The following table summarizes the 2018 Time-based RSUs for each of our Named Executive Officers:

**NAMED EXECUTIVE OFFICER**

| | TIME-BASED RSU PERCENTAGE | BASE SALARY | TIME-BASED RSU TARGET VALUE | TIME-BASED RSU GRANT |
|---|---|---|---|---|
| Sandra B. Cochran | 92.5% | $ 1,100,000 | $ 1,017,500 | 6,496 |
| Jill M. Golder | 30.0% | $ 510,000 | $ 153,000 | 976 |
| Nicholas V. Flanagan | 30.0% | $ 500,000 | $ 150,000 | 957 |
| Richard M. Wolfson | 25.0% | $ 350,000 | $ 87,500 | 558 |
| Laura A. Daily | 18.75% | $ 350,000 | $ 65,625 | 418 |

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In addition to the above-described LTIP Awards granted in respect of 2018, our executive officers also received payments of performance-based equity awards that were granted in prior years and tied to a performance period which ended in 2018. These are described below.

*Payment of 2016 MSU Grants*

On September 20, 2018, the Compensation Committee reviewed and certified the awards of Market Stock Units ( MSUs ) granted to executive officers at the outset of 2016 (the 2016 MSU Grants ). The 2016 MSU Grants were an award of performance share units, payable at the end of a three-year performance period based on the Company s achievement of a performance metric. The performance metric for MSU awards was the Company s cumulative TSR for the period, which is calculated as follows:

(Change in price of our common stock during 3-year performance period + dividends paid during 3-year performance period)

Price of our common stock at the start of the performance period

The Company achieved positive change in cumulative TSR of approximately 17.3% for the three-year performance period of 2016, 2017 and 2018, resulting in 2016 MSU Grants in an amount equal to approximately 117.3% of the target number of 2016 MSU Grants originally allocated in 2016. Under the terms of the plan, an increase in cumulative TSR of 50% or more from the beginning of the three-year performance period results in a maximum award payment of 150% of target shares.

**2016 Market Stock Units (MSU)**

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*Payment of 2017 LTPP Awards*

On September 20, 2018, the Compensation Committee reviewed and certified the awards granted to executive officers under the 2017 LTPP (the 2017 LTPP Awards ). The Compensation Committee set a cumulative ROIC target under the 2017 LTPP of 22.9% for the two-year performance period of 2017 and 2018. The Company achieved a cumulative ROIC just two basis points below this target for the two-year performance period, resulting in 2017 LTPP Awards that were approximately 99.8% of the target number of 2017 LTPP Awards originally allocated in 2017.

**2017 Long-term Performance Plan (LTPP)**

The performance metric for LTPP awards is an internal ROIC-based metric to measure effective returns from working capital and capital investments. For the purposes of the 2017 LTPP Awards, the Company achieved just below a 22.9% ROIC during the applicable two-year performance period. The Company calculates ROIC as follows:

The average of 2017 and 2018 adjusted operating incomes + rents

The average for 2016, 2017 and 2018 of

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

***Health and Welfare Benefits***

We offer a group insurance program consisting of life, disability and health insurance benefit plans that cover all full-time management and administrative employees, and a supplemental group term life insurance program that covers our Named Executive Officers and certain other management personnel. Aside from the annual recalibration of benefit costs and the associated premium changes that affect all participants, no significant changes were made to our health and welfare benefits for our Named Executive Officers during 2018.

***Severance and Change in Control Provisions***

None of our current Named Executive Officers has an employment agreement other than Ms. Cochran, whose agreement is described beginning on page 41 of this proxy statement and governs her arrangement relating to severance and/or a change in control of the Company (a CIC Transaction ). All of our other Named

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Executive Officers, along with all of the Company s other executive officers, have entered into (i) severance agreements ( Severance Agreements ) that govern the terms of their involuntary separation from the Company other than in connection with a CIC Transaction; and (ii) change in control agreements ( CIC Agreements ) that govern their employment by the Company and the terms of their involuntary separation from the Company following a CIC Transaction. These agreements, which are summarized as they apply to our Named Executive Officers below, were entered into on May 25, 2018 and replaced management retention agreements (described in last year s proxy statement) which expired on May 22, 2018. Our Chief Executive Officer, Ms. Cochran, is not a party to either a Severance Agreement or a CIC Agreement.

The Severance Agreements are intended to attract and retain executive talent by providing executives with reasonable assurance that if their employment relationship with the Company is involuntarily terminated in certain circumstances other than for cause they will have sufficient resources to be able to transition to other professional opportunities. While the CIC Agreements are also intended as a recruitment and retention tool, they are additionally intended to ensure that the Company will have the continued dedication, focus and objectivity from key executives in the event of a proposed CIC Transaction, and thus maintain the alignment of our executives interests with those of our shareholders.

Recognizing these differences, the Committee determined that it would be best to split the 2015 management retention agreement that was in place with all of our executive officers (and expired in May 2018) into separate documents to better align their respective provisions with the above stated goals. The Committee undertook this exercise with the assistance of FW Cook, and considered market practice and norms.

Each of these agreements is described in greater detail below. Potential payments pursuant to these agreements to our Named Executive Officers under various termination scenarios are more fully described under COMPENSATION TABLES AND INFORMATION Potential Payments Upon Termination or Change in Control below, including the table on page 40 of this proxy statement.

*Severance Agreement*

Each Named Executive Officer who is a party to the Severance Agreement will be entitled to receive severance benefits of 12-18 months base salary continuation and continuation of benefits under COBRA (with the executive responsible for paying the premiums), depending on his/her length of service, as a result of the termination of his/her employment by the Company other than for cause or by the executive for good reason (each as defined in the agreement).

To receive the foregoing benefits, the executive must execute a comprehensive release in favor of the Company, waiving any claims the executive may have against the Company. In addition to obligating the executive to maintain confidentiality of Company information and return all Company property, the Severance Agreement further obligates the executive (i) not to work as an employee or consultant for any multi-unit restaurant business that offers full service family or casual dining for a period of six months following the severance event or the remainder of the severance payment period, whichever is shorter; and (ii) not to solicit the employees or customers of the Company for a period of 12 months following the severance event or the remainder of the severance payment period, whichever is shorter.

The Severance Agreement has an initial term of three years and will automatically renew each year thereafter unless the Company provides the executive with 90 days written notice of its intention not to renew prior to the expiration of the then-current term.

*CIC Agreements*

The CIC Agreement becomes effective only in the event of a CIC Transaction, as defined in the agreement. Once it takes effect, the Company agrees to employ the executive, and the executive agrees to remain in the employ of the Company, from the date of a change in control to the earlier to occur of the second anniversary of

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such change in control or the executive s normal retirement date. During this period of employment, the Company agrees to provide the executive with (i) base salary at least equal to the highest base salary which the executive was paid during the 24 calendar months immediately prior to the change in control, (ii) the right to participate, at the highest target percentage rate or target participation level at which he/she participated during the 12-month period prior to the change in control, in the Company s bonus and equity incentive compensation plans; and (iii) the same employee benefits and perquisites which the executive received (or had the right to receive) during the 12 months immediately prior to the date of the change in control.

The CIC Agreement has an indefinite term but may be terminated by the Company upon not less than one year s prior written notice to the executive if (i) the Company has not received any proposal or indication of interest from a party regarding, nor is the Company s Board of Directors then considering, a potential change in control transaction; and (ii) the Company terminates the CIC Agreements for all similarly situated executives and not just the individual.

The CIC Agreement is double trigger , and no payments or equity awards are paid out immediately upon the change in control. The executive does not have any right to receive any gross-up payment in reimbursement of any excise tax under Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended (the Code ). If amounts payable under the CIC Agreement would be subject to such excise tax, then the executive will pay the tax or such amounts will be reduced to a level where the excise tax no longer applies, whichever is more beneficial to the executive.

In the event that employment is terminated by the Company other than for cause or by the executive for good reason (each as defined in the agreement) at any point during the 24 months following a change in control, then, in addition to any accrued and unpaid salary, bonus, benefits and vacation time, the terminated executive is entitled to (i) a lump-sum cash payment equal to two times the sum of his/her annual salary and target annual bonus for the year in which termination occurs, (ii) his/her annual bonus for the year in which termination occurs, pro-rated to his/her actual period of service during that year; (iii) continued health and welfare benefits and perquisites for the two-year period following termination at no greater cost to the executive; and (iv) the payment of the cash-out of his/her equity awards, as described below.

Unless an individual equity award agreement provides the executive with immediate vesting of the award upon a change in control (in which case the terms of such award agreement will apply), under the CIC Agreement, all of the executive s outstanding and unvested equity awards and accrued dividends at the time of the change in control occurs will be converted to cash at their target level of award, which, depending on the Company s projected performance at the time of conversion, could be beneficial or detrimental to the executive. The converted cash will earn interest at the rate of 1.5% over the 10-year Treasury Bill rate in effect at the beginning of each month and will be paid to the executive upon the earliest to occur of (i) the second anniversary of the change in control; (ii) the date(s) on which the underlying awards would have otherwise vested or been paid; or (iii) the date of a qualifying termination of the executive s employment under the CIC Agreement.

***Perquisites/Retirement Benefits***

We provide very limited perquisites and other benefits to our Named Executive Officers aside from participation in benefit plans that are broadly applicable to our full-time employees. Any perquisites that are received by Named Executive Officers are reflected in the Summary Compensation Table on pages 34 of this proxy statement under the All Other Compensation column and related footnote. In particular:

- Named Executive Officers do not have use of a Company vehicle;

Named Executive Officers may not schedule the Company aircraft for personal travel;

We do not have a defined benefit pension plan or SERP; and

We do not provide a number of perquisites that are provided by other companies, such as club memberships or drivers. We only offer certain financial planning services to our Named Executive Officers, though our CEO, Ms. Cochran, does not avail herself of this perquisite.

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## Other Executive Compensation Policies and Guidelines

### *Stock Ownership Guidelines*

We have stock ownership guidelines (the Ownership Guidelines ) covering all executive officers, which are posted on our website at www.crackerbarrel.com. The Ownership Guidelines emanate from the Compensation Committee s belief that executives and directors should accumulate a meaningful level of ownership in Company stock to align their interests with shareholders. The Ownership Guidelines are based on a multiple of base salary for executive officers and the total annual cash retainer for non-employee directors. The Chief Executive Officer s guideline is five times base salary, the Chief Financial Officer s guideline is three times base salary and any other executive officer s guideline is two times base salary. No officer may sell or otherwise dispose of any shares until his or her aggregate ownership satisfies these requirements. Our non-employee directors are subject to a guideline of six times the annual cash retainer paid to such non-employee director. Calculations to determine compliance with the Ownership Guidelines are made during the first quarter of each year, and are based upon (i) with respect to executive officers, each officer s base salary applicable at the time of such calculation and (ii) the average closing price of the Company s common stock, as reported by Nasdaq, for each trading day during the last 30 calendar days of the preceding year and the first 30 calendar days of the year in which the calculation is performed. For 2018, the Ownership Guidelines for our Named Executive Officers were as follows:

| Executive Officer | Multiple of Base Salary |
|---|---|
| Sandra B. Cochran | 5X |
| Jill M. Golder | 3X |
| Nicholas V. Flanagan | 2X |
| Richard M. Wolfson | 2X |
| Laura A. Daily | 2X |

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

### *Anti-Hedging and Anti-Pledging Policy*

The Company s anti-hedging and anti-pledging policy (the Anti-Hedging and Anti-Pledging Policy ) prohibits directors and officers from directly or indirectly engaging in hedging against future declines in the market value of the Company s securities through the purchase of financial instruments designed to offset such risk and from pledging the Company s securities as collateral for margin and other loans. The Compensation Committee considers it improper and inappropriate for directors and officers of the Company to hedge transactions to mitigate the impact of changes in the value of the Company s securities. Similarly, placing the Company s securities in a margin account or pledging them as collateral may result in their being sold without the director s or officer s consent or at a time when the director or officer is in possession of material nonpublic information of the Company. When any of these types of transactions occurs, the director s or officer s incentives and objectives may be less closely aligned with those of the Company s other shareholders, and the director s or officer s incentive to improve the Company s performance may be (or may appear to be) compromised.

Under the Anti-Hedging and Anti-Pledging Policy, no director or officer may, directly or indirectly, engage in any hedging transaction that reduces or limits the director s or officer s economic risk with respect to the

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director s or officer s holdings, ownership or interest in the Company s securities, including outstanding stock options, stock appreciation rights or other compensation awards the value of which are derived from, referenced to or based on the value or market price of the Company s securities.

Prohibited transactions include the purchase by a director or officer of financial instruments, including, without limitation, prepaid variable forward contracts, equity swaps, collars, puts, calls or other derivative securities that are designed to hedge or offset a change in market value of the Company s securities, as well as any transaction that places the Company s securities in a margin account or pledges them as collateral for loans or other obligations.

***Compensation Risk Analysis***

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

***Recoupment Provisions***

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

***Impact of Tax and Accounting Treatments on Compensation***

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

*Sections 280G and 4999*

As described above, Ms. Cochran has an Employment Agreement and we provide our Named Executive Officers other than Ms. Cochran with Severance and CIC Agreements. Neither Ms. Cochran nor any of our other Named Executive Officers has a right under these agreements or otherwise to receive any gross-up payment to reimburse such executive officer for any excise tax under Sections 280G and 4999 of the Code.

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*Section 162(m)*

Section 162(m) of the Code imposes a $1.0 million limit on the amount a public company may deduct for compensation paid to certain of its Named Executive Officers. The Compensation Committee attempts to maximize deductibility of compensation under Section 162(m) to the extent practicable while maintaining a competitive, performance-based compensation program. However, the Compensation Committee also believes that it must (and does) reserve the right to award compensation which it deems to be in the best interests of the Company and our shareholders, but which may not be fully tax deductible under Section 162(m).

Previously, the $1.0 million limit under Section 162(m) did not apply to qualified performance-based compensation , and this exception applied to the Company for 2018 due to the timing of our fiscal year. Consistent with prior years, the Company intended for payments under the 2018 annual bonus plan to qualify for this performance based exception by basing the bonus on the Company s achievement of a threshold level of operating income of at least $225 million. Below this threshold, no bonuses would have been paid. While this represented the threshold amount for purposes of Section 162(m), actual bonus payments to individual executives under the 2018 annual bonus plan were based on the achievement of performance criteria set forth under Elements of Compensation Program Annual Bonus Plan, on pages 22 and 23 of this proxy statement.

Likewise, the Company also intended for a majority of awards made under its various long-term incentive plans for 2018 to qualify as performance-based compensation under Section 162(m) of the Code to the maximum extent permitted under the 2010 Omnibus Plan. As with the annual bonus plan, eligibility to receive awards under the long-term incentive plans other than the 2018 Time-Based RSUs is dependent upon the Company s operating income performance during the applicable performance period. For the 2018 Performance RSU Grant, the operating income threshold is $570 million over the three-year performance period, and for the 2018 LTPP, the operating income threshold is $380 million over the two-year performance period. If these operating income performance goals are not met, then no award will be made under the applicable plan to any executive officer participating in the plan. If, however, the applicable operating income performance goal is met, then each participant in the applicable plan will become eligible to receive an equity award determined according to the performance criteria described under Elements of Compensation Program Long-Term Incentives, above.

In light of changes to the Code which eliminated the performance-based exceptions described above and which will take effect for the Company in 2019, we anticipate that the $1.0 million limitation on compensation-related deductions under Section 162(m) will apply to some payments to our NEOs in respect of 2019 and subsequent years.

***Compensation Committee Report***

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis ( CD&A ) included in this proxy statement. Based on its review and discussions of the CD&A with management, the Compensation Committee recommended to the Board of Directors that the CD&A be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K for 2018.

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

Coleman H. Peterson, Chair

Thomas H. Barr

Meg Crofton

James W. Bradford

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*COMPENSATION TABLES AND INFORMATION*

**Summary Compensation Table**

The following table sets forth information regarding the compensation for the Named Executive Officers during 2016, 2017 and 2018.

| Name and Principal Position | Year | Salary ($) | Stock Awards(1) ($) | Non-Equity Incentive Plan Compensation ($) | All Other Compensation(2) ($) | Total ($) |
|---|---|---|---|---|---|---|
| Sandra B. Cochran, | 2018 | $ 1,100,000 | $ 3,924,884 | $ 781,517 | $ 428,201 | $ 6,234,602 |
| President and Chief Executive Officer | 2017 | $ 1,056,000 | $ 3,449,775 | $ 1,366,079 | $ 337,488 | $ 6,209,342 |
| | 2016 | $ 1,025,000 | $ 3,804,236 | $ 1,163,693 | $ 606,351 | $ 6,599,280 |
| Jill M. Golder, | 2018 | $ 510,000 | $ 589,849 | $ 220,555 | $ 85,758 | $ 1,406,162 |
| Senior Vice President and Chief Financial Officer | 2017 | $ 475,000 | $ 419,221 | $ 374,029 | $ 48,310 | $ 1,316,560 |
| | 2016 | $ 128,646(3) | $ 570,187 | $ 92,943 | $ 30,669 | $ 822,445 |
| Nicholas V. Flanagan, | 2018 | $ 500,000 | $ 578,368 | $ 216,230 | $ 81,760 | $ 1,376,358 |
| Senior Vice President, Operations | 2017 | $ 467,000 | $ 494,597 | $ 367,730 | $ 64,982 | $ 1,394,309 |
| | 2016 | $ 445,000 | $ 446,365 | $ 321,499 | $ 85,332 | $ 1,298,196 |
| Richard M. Wolfson,(4) | 2018 | $ 350,000 | $ 492,763 | $ 129,738 | $ 30,049 | $ 1,002,550 |
| Senior Vice President, General Counsel and Secretary | | | | | | |
| Laura A. Daily, | 2018 | $ 350,000 | $ 252,705 | $ 129,738 | $ 27,935 | $ 760,378 |
| Senior Vice President, Retail | 2017 | $ 336,000 | $ 222,354 | $ 226,780 | $ 24,117 | $ 809,251 |
| | 2016 | $ 320,000 | $ 192,466 | $ 181,650 | $ 41,200 | $ 735,316 |

(1) The amounts disclosed in this column reflect the aggregate grant date fair value of awards for 2018, 2017 and 2016, calculated in accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic 718 ( ASC Topic 718 ). Specifically, the amounts provided for 2018 reflect the aggregate grant date fair value of the Named Executive Officer s (i) time-based award under the 2018 Time-based RSU and (ii) performance-based awards under the 2018 LTPP and 2018 Performance RSU Grant.

For the performance-based awards, the aggregate grant date fair value has been determined assuming the probable outcome of the performance condition on the date of the grant (i.e., the achievement of the target performance level). Assuming an outcome of performance conditions at the maximum level for the performance-based awards, the aggregate grant date fair value of all the stock awards made to each Named Executive Officer in 2018 (including the time-based award) are as follows:

| Name | Year | Aggregate Grant Date Fair Value at Maximum Performance Level |
|---|---|---|

| | | | |
|---|---|---|---|
| Sandra B. Cochran | 2018 | $ | 6,120,450 |
| Jill M. Golder | 2018 | $ | 919,874 |
| Nicholas V. Flanagan | 2018 | $ | 901,973 |
| Richard M. Wolfson | 2018 | $ | 681,510 |
| Laura A. Daily | 2018 | $ | 394,133 |

For information regarding the compensation cost of the awards and the assumptions used to calculate the grant date fair value of the awards, see Note 10 to the Consolidated Financial Statements included or incorporated by reference in the Company s Annual Reports on Form 10-K for 2018, 2017 and 2016.

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

(3) Ms. Golder began her employment with the Company on April 25, 2016. Ms. Golder s 2016 salary reflects a prorated amount based on her service with the Company during 2016, with an annualized base salary for 2016 of $475,000.

(4) Mr. Wolfson began his employment with the Company on July 29, 2017, the first day of our 2018 fiscal year.

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## All Other Compensation

| | Year | Life Insurance | Long-term Disability | Dividend Equivalents on Shares of Restricted Stock(1) | Company Match Under Non-Qualified Deferred Compensation Plan | Company Match Under 401(k) Plan | Other(2) | Total |
|---|---|---|---|---|---|---|---|---|
| Sandra B. Cochran | 2018 | $ 19,673 | $ 1,801 | $ 335,013 | $ 36,505 | $ 2,109 | $ 33,100 | $ 428,201 |
| Jill M. Golder | 2018 | $ 575 | $ 1,484 | $ 71,337 | $ 8,253 | $ 4,109 | $ 0 | $ 85,758 |
| Nicholas V. Flanagan | 2018 | $ 574 | $ 1,457 | $ 48,702 | $ 10,886 | $ 4,379 | $ 15,762 | $ 81,760 |
| Richard M. Wolfson | 2018 | $ 563 | $ 0 | $ 23,005 | $ 2,917 | $ 3,564 | $ 0 | $ 30,049 |
| Laura A. Daily | 2018 | $ 567 | $ 1,032 | $ 21,586 | $ 0 | $ 4,750 | $ 0 | $ 27,935 |

(1) The amounts disclosed in this column represent 2018 cash dividend equivalents which were or will be paid to the NEO upon the vesting of (i) the 2017 and 2018 LTPP awards (at an assumed target level of performance), (ii) the 2017 RSAs, (iii) the 2018 Time-based RSU Grant, and (iv) any other time-based RSAs granted to an NEO that vested in 2018 or were unvested at the end of 2018. These amounts will be settled in cash upon the vesting of the shares underlying such awards. This column does not include dividend equivalents on (i) the 2016 MSUs, or (ii) the 2017 or 2018 Performance RSU Grants because such amounts were included in the calculation of the grant date fair value of these awards.

(2) The amount reflected in this column for Mr. Flanagan represents Company-paid expenses for professional financial planning services. The amount reflected for Ms. Cochran represents Company-paid expenses in connection with the negotiation and preparation of her 2018 Employment Agreement.

## Grants of Plan-Based Awards Table

The following table sets forth information regarding grants of plan-based awards made to the Named Executive Officers during 2018.

| Name | Grant Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($) | Target ($) | Maximum ($) | Estimated Possible Payouts Under Equity Incentive Plan Awards(2) Threshold (#) | Target (#) | Maximum (#) | All Other Stock Awards: Number of Shares of Stock or Units (#)(3) | Grant Date Fair Value of Stock and Option Awards(4) |
|---|---|---|---|---|---|---|---|---|---|
| Sandra B. Cochran | | $ 379,500 | $ 1,265,000 | $ 2,530,000 | | | | | |
| | 9/27/17 | | | | 6,496 | 12,992 | 25,984 | | $ 1,942,954 |
| | 9/27/17 | | | | 4,872 | 6,496 | 8,120 | | $ 1,010,453 |
| | 9/27/17 | | | | | | | 6,496 | $ 971,477 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Jill M. Golder | | $ 107,100 | $ 357,000 | $ 714,000 | | | | | |
| | 9/27/17 | | | | 976 | 1,953 | 3,906 | | $ 292,071 |
| | 9/27/17 | | | | 732 | 976 | 1,220 | | $ 151,817 |
| | 9/27/17 | | | | | | | 976 | $ 145,961 |
| Nicholas V. Flanagan | | $ 105,000 | $ 350,000 | $ 700,000 | | | | | |
| | 9/27/17 | | | | 957 | 1,915 | 3,830 | | $ 286,388 |
| | 9/27/17 | | | | 717 | 957 | 1,196 | | $ 148,861 |
| | 9/27/17 | | | | | | | 957 | $ 143,119 |
| Richard M. Wolfson | | $ 63,000 | $ 210,000 | $ 420,000 | | | | | |
| | 7/29/17 | | | | | | | 1,000 | $ 155,470 |
| | 9/27/17 | | | | 558 | 1,117 | 2,234 | | $ 167,047 |
| | 9/27/17 | | | | 418 | 558 | 697 | | $ 86,797 |
| | 9/27/17 | | | | | | | | |