



Global Credit Research
Rating Action
2 SEP 2008

Rating Action: CBRL Group, Inc.

Moody's lowers CFR of CBRL to Ba3; outlook negative

New York, September 02, 2008 -- Moody's Investors Service today downgraded the ratings of CBRL Group, Inc. ("CBRL"), including the company's corporate family rating to Ba3 from Ba2, probability of default rating to Ba3 from Ba2, and senior secured ratings to Ba3 from Ba2. The outlook is negative. This concludes Moody's review for possible downgrade initiated on August 4, 2008.

The ratings downgrade was prompted by Moody's view that CBRL's debt protection metrics, which are more representative of a Ba3 rating, would not materially improve over the intermediate term as weak consumer demand and escalating cost inflation continues to pressure operating performance and margins. For the twelve month period ending May 2008, leverage on a debt to EBITDA basis was approximately 4.45 times, EBITA coverage of interest was 2.4 times, and retained cash flow to debt was about 9.7%.

The negative outlook reflects Moody's view that CBRL's operating performance will continue to be negatively impacted by weak consumer spending, declining traffic patterns, and escalating cost inflation over the intermediate term. The outlook also reflects Moody's concern that the cushion under financial covenants in the company's bank facility will likely deteriorate as operating performance is pressured and as covenant levels tighten over the next several quarters. This could require the company to seek covenant relief from its banks in order to retain access to the facilities..

Moody's most recent rating action for CBRL resulted in our affirming all ratings and changing the outlook to negative from stable on June 18, 2007.

CBRL Group Inc. (CBRL), headquartered in Tennessee, is a publicly traded holding company that is engaged in the operation and development of the Cracker Barrel Old Country Store restaurant and retail concept. CBRL had total revenues of approximately \$2.4 billion for the twelve month period ending May 2008.

New York
William V. Fahy
Vice President - Senior Analyst
Corporate Finance Group
Moody's Investors Service

JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Peter H. Abdill, CFA
Senior Vice President
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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