

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended May 3, 2019

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission file number: 001-25225

Cracker Barrel Old Country Store, Inc.

(Exact name of registrant as specified in its charter)

Tennessee
(State or other jurisdiction of incorporation or organization)

62-0812904
(I.R.S. Employer Identification Number)

305 Hartmann Drive
Lebanon, Tennessee
(Address of principal executive offices)

37087-4779
(Zip code)

Registrant's telephone number, including area code: (615) 444-5533

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (Par Value \$0.01)	CBRL	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)
Rights to Purchase Series A Junior Participating Preferred Stock (Par Value \$0.01)		

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

24,044,402 Shares of Common Stock
Outstanding as of May 28, 2019

INDEX

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
ITEM 1. Condensed Consolidated Financial Statements (Unaudited)	
a) Condensed Consolidated Balance Sheets	3
b) Condensed Consolidated Statements of Income	4
c) Condensed Consolidated Statements of Comprehensive Income	5
d) Condensed Consolidated Statements of Changes in Shareholders' Equity	6
e) Condensed Consolidated Statements of Cash Flows	7
f) Notes to Condensed Consolidated Financial Statements	8
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	17
ITEM 3. Quantitative and Qualitative Disclosures About Market Risk	27
ITEM 4. Controls and Procedures	28
PART II. OTHER INFORMATION	
ITEM 1A. Risk Factors	28
ITEM 6. Exhibits	28
SIGNATURES	29

PART I – FINANCIAL INFORMATION**ITEM 1. Financial Statements****CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**(In thousands, except share data)
(Unaudited)

	May 3, 2019	August 3, 2018*
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 167,585	\$ 114,656
Accounts receivable	22,190	19,496
Inventories	152,582	156,253
Prepaid expenses and other current assets	18,811	16,347
Total current assets	361,168	306,752
Property and equipment	2,291,149	2,212,601
Less: Accumulated depreciation and amortization of capital leases	1,124,724	1,063,466
Property and equipment – net	1,166,425	1,149,135
Other assets	67,477	71,468
Total assets	\$ 1,595,070	\$ 1,527,355
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 115,317	\$ 122,332
Other current liabilities	248,439	242,287
Total current liabilities	363,756	364,619
Long-term debt	400,000	400,000
Long-term interest rate swap liability	1,684	--
Other long-term obligations	131,130	128,794
Deferred income taxes	50,477	52,161
Commitments and Contingencies (Note 12)		
Shareholders' Equity:		
Preferred stock – 100,000,000 shares of \$.01 par value authorized; 300,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued	--	--
Common stock – 400,000,000 shares of \$.01 par value authorized; 24,044,402 shares issued and outstanding at May 3, 2019, and 24,011,550 shares issued and outstanding at August 3, 2018	241	240
Additional paid-in capital	47,500	44,049
Accumulated other comprehensive income (loss)	(281)	4,685
Retained earnings	600,563	532,807
Total shareholders' equity	648,023	581,781
Total liabilities and shareholders' equity	\$ 1,595,070	\$ 1,527,355

See Notes to unaudited Condensed Consolidated Financial Statements.

* This Condensed Consolidated Balance Sheet has been derived from the audited Consolidated Balance Sheet as of August 3, 2018, as filed with the Securities and Exchange Commission in the Company's Annual Report on Form 10-K for the fiscal year ended August 3, 2018.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share data)

(Unaudited)

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Total revenue	\$ 739,603	\$ 721,413	\$ 2,284,853	\$ 2,219,552
Cost of goods sold (exclusive of depreciation and rent)	217,073	217,719	704,545	689,420
Labor and other related expenses	267,641	257,360	802,574	769,154
Other store operating expenses	152,679	147,616	461,976	441,843
Store operating income	102,210	98,718	315,758	319,135
General and administrative expenses	37,125	35,409	112,284	108,314
Operating income	65,085	63,309	203,474	210,821
Interest expense	4,111	3,594	12,637	10,892
Income before income taxes	60,974	59,715	190,837	199,929
Provision for income taxes	10,560	10,968	32,461	13,663
Net income	<u>\$ 50,414</u>	<u>\$ 48,747</u>	<u>\$ 158,376</u>	<u>\$ 186,266</u>
Net income per share:				
Basic	<u>\$ 2.10</u>	<u>\$ 2.03</u>	<u>\$ 6.59</u>	<u>\$ 7.76</u>
Diluted	<u>\$ 2.09</u>	<u>\$ 2.03</u>	<u>\$ 6.57</u>	<u>\$ 7.74</u>
Weighted average shares:				
Basic	<u>24,041,673</u>	<u>24,003,611</u>	<u>24,034,878</u>	<u>24,013,435</u>
Diluted	<u>24,104,432</u>	<u>24,065,783</u>	<u>24,090,626</u>	<u>24,075,834</u>
Dividends declared per share	<u>\$ 1.25</u>	<u>\$ 1.20</u>	<u>\$ 3.75</u>	<u>\$ 3.60</u>
Dividends paid per share	<u>\$ 1.25</u>	<u>\$ 1.20</u>	<u>\$ 3.75</u>	<u>\$ 3.60</u>

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited and in thousands)

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Net income	\$ 50,414	\$ 48,747	\$ 158,376	\$ 186,266
Other comprehensive (loss) income before income tax (benefit) expense:				
Change in fair value of interest rate swaps	(2,957)	4,330	(6,629)	12,779
Income tax (benefit) expense	(737)	1,076	(1,663)	4,099
Other comprehensive (loss) income, net of tax	(2,220)	3,254	(4,966)	8,680
Comprehensive income	\$ 48,194	\$ 52,001	\$ 153,410	\$ 194,946

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited and in thousands except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balances at January 26, 2018	24,003,611	\$ 240	\$ 41,849	\$ 1,197	\$ 572,339	\$ 615,625
Comprehensive Income:						
Net income	--	--	--	--	48,747	48,747
Other comprehensive income (loss), net of tax	--	--	--	3,254	--	3,254
Total comprehensive income (loss)	--	--	--	3,254	48,747	52,001
Cash dividends declared - \$1.20 per share	--	--	--	--	(28,987)	(28,987)
Share-based compensation	--	--	1,742	--	--	1,742
Issuance of share-based compensation awards, net of shares withheld for employee taxes	--	--	--	--	--	--
Purchases and retirement of common stock	--	--	--	--	--	--
Balances at April 27, 2018	24,003,611	\$ 240	\$ 43,591	\$ 4,451	\$ 592,099	\$ 640,381

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balances at July 28, 2017	24,055,682	\$ 241	\$ 55,659	\$ (4,229)	\$ 492,836	\$ 544,507
Comprehensive Income:						
Net income	--	--	--	--	186,266	186,266
Other comprehensive income (loss), net of tax	--	--	--	8,680	--	8,680
Total comprehensive income (loss)	--	--	--	8,680	186,266	194,946
Cash dividends declared - \$3.60 per share	--	--	--	--	(87,003)	(87,003)
Share-based compensation	--	--	6,063	--	--	6,063
Issuance of share-based compensation awards, net of shares withheld for employee taxes	47,929	--	(3,360)	--	--	(3,360)
Purchases and retirement of common stock	(100,000)	(1)	(14,771)	--	--	(14,772)
Balances at April 27, 2018	24,003,611	\$ 240	\$ 43,591	\$ 4,451	\$ 592,099	\$ 640,381

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balances at February 1, 2019	24,041,374	\$ 240	\$ 46,125	\$ 1,939	\$ 580,314	\$ 628,618
Comprehensive Income:						
Net income	--	--	--	--	50,414	50,414
Other comprehensive income (loss), net of tax	--	--	--	(2,220)	--	(2,220)
Total comprehensive income (loss)	--	--	--	(2,220)	50,414	48,194
Cash dividends declared - \$1.25 per share	--	--	--	--	(30,165)	(30,165)
Share-based compensation	--	--	1,539	--	--	1,539
Issuance of share-based compensation awards, net of shares withheld for employee taxes	3,028	1	(164)	--	--	(163)
Purchases and retirement of common stock	--	--	--	--	--	--
Balances at May 3, 2019	24,044,402	\$ 241	\$ 47,500	\$ (281)	\$ 600,563	\$ 648,023

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balances at August 3, 2018	24,011,550	\$ 240	\$ 44,049	\$ 4,685	\$ 532,807	\$ 581,781
Comprehensive Income:						
Net income	--	--	--	--	158,376	158,376
Other comprehensive income (loss), net of tax	--	--	--	(4,966)	--	(4,966)
Total comprehensive income (loss)	--	--	--	(4,966)	158,376	153,410
Cash dividends declared - \$3.75 per share	--	--	--	--	(90,620)	(90,620)

Share-based compensation	--	--	5,672	--	--	5,672
Issuance of share-based compensation awards, net of shares withheld for employee taxes	32,852	1	(2,221)	--	--	(2,220)
Purchases and retirement of common stock	--	--	--	--	--	--
Balances at May 3, 2019	24,044,402	\$ 241	\$ 47,500	\$ (281)	\$ 600,563	\$ 648,023

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Nine Months Ended	
	May 3, 2019	April 27, 2018
Cash flows from operating activities:		
Net income	\$ 158,376	\$ 186,266
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	78,499	68,297
Loss on disposition of property and equipment	7,522	4,757
Share-based compensation	5,672	6,063
Changes in assets and liabilities:		
Inventories	3,671	(624)
Other current assets	(5,158)	(562)
Accounts payable	(7,015)	(13,693)
Other current liabilities	6,822	(9,269)
Other long-term assets and liabilities	4,197	(20,260)
Net cash provided by operating activities	<u>252,586</u>	<u>220,975</u>
Cash flows from investing activities:		
Purchase of property and equipment	(103,862)	(101,985)
Proceeds from insurance recoveries of property and equipment	603	300
Proceeds from sale of property and equipment	134	393
Net cash used in investing activities	<u>(103,125)</u>	<u>(101,292)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	400,000	--
(Taxes withheld) and proceeds from issuance of share-based compensation awards, net	(2,220)	(3,360)
Principal payments under long-term debt	(400,000)	--
Purchases and retirement of common stock	--	(14,772)
Deferred financing costs	(3,022)	--
Dividends on common stock	(91,290)	(88,258)
Net cash used in financing activities	<u>(96,532)</u>	<u>(106,390)</u>
Net increase in cash and cash equivalents	52,929	13,293
Cash and cash equivalents, beginning of period	114,656	161,001
Cash and cash equivalents, end of period	<u>\$ 167,585</u>	<u>\$ 174,294</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized	\$ 11,881	\$ 10,213
Income taxes	\$ 31,129	\$ 32,940
Supplemental schedule of non-cash investing and financing activities:		
Capital expenditures accrued in accounts payable	\$ 4,980	\$ 6,291
Change in fair value of interest rate swaps	\$ (6,629)	\$ 12,779
Change in deferred tax asset for interest rate swaps	\$ 1,663	\$ (4,099)
Dividends declared but not yet paid	\$ 31,106	\$ 30,035

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands, except percentages, share and per share data)

(Unaudited)

1. Condensed Consolidated Financial Statements

Cracker Barrel Old Country Store, Inc. and its affiliates (collectively, in these Notes to Condensed Consolidated Financial Statements, the “Company”) are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® (“Cracker Barrel”) concept.

The accompanying condensed consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) without audit. In the opinion of management, all adjustments (consisting of normal and recurring items) necessary for a fair presentation of such condensed consolidated financial statements have been made. The results of operations for any interim period are not necessarily indicative of results for a full year.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended August 3, 2018 (the “2018 Form 10-K”). The accounting policies used in preparing these condensed consolidated financial statements are the same as described in the 2018 Form 10-K except for the expanded accounting policy disclosure for revenue recognition discussed in Note 8. References to a year in these Notes to Condensed Consolidated Financial Statements are to the Company’s fiscal year unless otherwise noted.

Recent Accounting Pronouncements Adopted**Revenue Recognition**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued accounting guidance which clarifies the principles for recognizing revenue and provides a comprehensive model for revenue recognition. Revenue recognition should depict the transfer of goods or services to a customer at an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The Company adopted this accounting guidance using the modified retrospective transition method. The adoption of this accounting guidance in the first quarter of 2019 did not have a material effect on the Company’s consolidated financial position or results of operations, and the Company did not record a cumulative catch-up adjustment to the opening balance of retained earnings. See Note 8 for further discussion on revenue recognition accounting policies and related disclosures.

Recognition of Breakage for Certain Prepaid Stored-Value Products

In March 2016, in order to address diversity in practice related to the derecognition of a prepaid stored-value product liability, the FASB issued accounting guidance requiring breakage for prepaid stored-value product liabilities to be accounted for consistent with the breakage guidance in the revenue recognition standard (see “Revenue Recognition” above). The Company adopted this accounting guidance using the modified retrospective transition method. The adoption of this accounting guidance in the first quarter of 2019 did not have a significant impact on the Company’s consolidated financial position or results of operations, and the Company did not record a cumulative catch-up adjustment to the opening balance of retained earnings.

Modification of Share-Based Payment Awards

In May 2017, the FASB issued accounting guidance to provide clarity, reduce the diversity in practice and to simplify the accounting guidance related to a change to the terms or conditions of a share-based payment award. This new standard provides guidance for evaluating which changes to the terms or conditions of a share-based payment award are substantive and require modification accounting to be applied. The adoption of this accounting guidance in the first quarter of 2019 did not have a significant impact on the Company's consolidated financial position or results of operations.

Recent Accounting Pronouncements Not Yet Adopted

Leases

In February 2016, the FASB issued accounting guidance which requires the recognition of lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. The accounting guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years on a modified retrospective basis. Early adoption is permitted. The Company plans to apply the transition requirements at the effective date rather than at the beginning of the earliest comparative period presented. This election allows for a cumulative effective adjustment to the opening balance of retained earnings in the period of adoption, and prior periods will not be restated. The Company also plans to elect the transition package of practical expedients permitted under this guidance, which among other things, allows the carryforward of historical lease classifications. The Company is still evaluating other practical expedients and policy elections. The Company is implementing software to assist in the quantification of the impact on the Company's consolidated financial position and results of operations related to the adoption of this accounting guidance in the first quarter of 2020. The Company is also evaluating additional changes to its processes and internal controls to ensure compliance with the reporting and disclosure requirements of the accounting guidance. The Company expects that the adoption of this accounting guidance will result in a material increase in lease-related assets and liabilities on the Company's consolidated balance sheet. The Company currently does not expect that the adoption of this accounting guidance will have a material impact on the Company's consolidated statements of income and cash flows.

Accounting for Hedging Activities

In August 2017, the FASB issued accounting guidance which amends the recognition, presentation and disclosure requirements of hedge accounting in order to better portray the economics of entities' risk management activities, increase transparency and understandability of hedging relationships and simplify the application of hedge accounting. This accounting guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early application is permitted. The recognition requirements for cash flow and net investment hedges existing at the date of adoption will be applied using a cumulative-effect adjustment to retained earnings. The amended presentation and disclosure requirements will be applied on a prospective basis. The Company currently does not expect that the adoption of this accounting guidance in the first quarter of 2020 will have a significant impact on the Company's consolidated financial position or results of operations.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

On December 22, 2017, the U.S. government enacted P.L. 115-97, the Tax Cuts and Jobs Act (the "Tax Act"). In February 2018, the FASB issued accounting guidance which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act. This accounting guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. If elected, this accounting guidance should be applied either in the period of adoption or retrospectively to each period in which the change in the U.S. federal corporate rate in the Tax Act is recognized. Early application is permitted. The Company currently does not expect to elect this reclassification option upon adoption of the accounting guidance in the first quarter of 2020.

Share-Based Payment Arrangements With Nonemployees

In June 2018, the FASB issued accounting guidance in order to simplify accounting for share-based payments granted to nonemployees for goods and services. This new guidance aligns most of the accounting requirements for share-based payments granted to nonemployees with the existing guidance for share-based payments granted to employees. This accounting guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, using a modified retrospective transition approach. Early adoption is permitted. The Company does not expect that the adoption of this accounting guidance in the first quarter of 2020 will have a significant impact on the Company's consolidated financial position or results of operations.

2. Fair Value Measurements

The Company's assets and liabilities measured at fair value on a recurring basis at May 3, 2019 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents*	\$ 100,446	\$ --	\$ --	\$ 100,446
Interest rate swap asset (see Note 5)	--	38	--	38
Total	\$ 100,446	\$ 38	\$ --	\$ 100,484
Deferred compensation plan assets**				32,218
Total assets at fair value				\$ 132,702
Interest rate swap liability (see Note 5)	\$ --	\$ 1,684	\$ --	\$ 1,684
Total liabilities at fair value	\$ --	\$ 1,684	\$ --	\$ 1,684

The Company's assets and liabilities measured at fair value on a recurring basis at August 3, 2018 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents*	\$ 38,446	\$ --	\$ --	\$ 38,446
Interest rate swap asset (see Note 5)	--	6,255	--	6,255
Total	\$ 38,446	\$ 6,255	\$ --	\$ 44,701
Deferred compensation plan assets**				32,669
Total assets at fair value				\$ 77,370
Interest rate swap liability (see Note 5)	\$ --	\$ --	\$ --	\$ --
Total liabilities at fair value	\$ --	\$ --	\$ --	\$ --

*Consists of money market fund investments.

**Represents plan assets invested in mutual funds established under a rabbi trust for the Company's non-qualified savings plan and is included in the Condensed Consolidated Balance Sheets as other assets.

The Company's money market fund investments are measured at fair value using quoted market prices. The fair values of the Company's interest rate swap assets and liabilities are determined based on the present value of expected future cash flows. Since the values of the Company's interest rate swaps are based on the LIBOR forward curve, which is observable at commonly quoted intervals for the full terms of the swaps, it is considered a Level 2 input. Non-performance risk is reflected in determining the fair value of the interest rate swaps by using the Company's credit spread less the risk-free interest rate, both of which are observable at commonly quoted intervals for the terms of the swaps. Thus, the adjustment for non-performance risk is also considered a Level 2 input. The Company's deferred compensation plan assets are measured based on net asset value per share as a practical expedient to estimate fair value.

The fair values of the Company's accounts receivable and accounts payable approximate their carrying amounts because of their short duration. The fair value of the Company's variable rate debt, based on quoted market prices, which are considered Level 1 inputs, approximates its carrying amount at May 3, 2019 and August 3, 2018.

3. Inventories

Inventories were comprised of the following at:

	May 3, 2019	August 3, 2018
Retail	\$ 112,390	\$ 117,606
Restaurant	21,701	20,659
Supplies	18,491	17,988
Total	<u>\$ 152,582</u>	<u>\$ 156,253</u>

4. Debt

On September 5, 2018, the Company entered into a five-year \$950,000 revolving credit facility (“2019 Revolving Credit Facility”). The 2019 Revolving Credit Facility also contains an option to increase the revolving credit facility by \$300,000. The 2019 Revolving Credit Facility replaced the Company’s \$750,000 revolving credit facility (“Prior Credit Facility”). Loan acquisition costs associated with the 2019 Revolving Credit Facility were capitalized in the amount of \$3,022 and will be amortized over the five-year term of the 2019 Revolving Credit Facility. Loan acquisition costs of \$166 associated with the Prior Credit Facility were written off in the first quarter of 2019 and are recorded in interest expense in the Condensed Consolidated Statement of Income.

At both May 3, 2019 and August 3, 2018, the Company had \$400,000 of outstanding borrowings under its credit facility. At May 3, 2019, the Company had \$8,955 of standby letters of credit, which reduce the Company’s borrowing availability under the 2019 Revolving Credit Facility (see Note 12 for more information on the Company’s standby letters of credit). At May 3, 2019, the Company had \$541,045 in borrowing availability under the 2019 Revolving Credit Facility.

In accordance with the 2019 Revolving Credit Facility, outstanding borrowings bear interest, at the Company’s election, either at LIBOR or prime plus a percentage point spread based on certain specified financial ratios under the 2019 Revolving Credit Facility. At May 3, 2019, \$350,000 of the Company’s outstanding borrowings were swapped at a weighted average interest rate of 3.74% (see Note 5 for information on the Company’s interest rate swaps). At May 3, 2019, the weighted average interest rate on the remaining \$50,000 of the Company’s outstanding borrowings was 3.83%.

The 2019 Revolving Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. At May 3, 2019, the Company was in compliance with all financial covenants.

The 2019 Revolving Credit Facility also imposes restrictions on the amount of dividends the Company is permitted to pay and the amount of shares the Company is permitted to repurchase. Under the 2019 Revolving Credit Facility, provided there is no default existing and the total of the Company’s availability under the 2019 Revolving Credit Facility plus the Company’s cash and cash equivalents on hand is at least \$100,000 (the “cash availability”), the Company may declare and pay cash dividends on shares of its common stock and repurchase shares of its common stock (1) in an unlimited amount if, at the time such dividend or repurchase is made, the Company’s consolidated total leverage ratio is 3.00 to 1.00 or less and (2) in an aggregate amount not to exceed \$100,000 in any fiscal year if the Company’s consolidated total leverage ratio is greater than 3.00 to 1.00 at the time the dividend or repurchase is made; notwithstanding (1) and (2), so long as immediately after giving effect to the payment of any such dividends, cash availability is at least \$100,000, the Company may declare and pay cash dividends on shares of its common stock in an aggregate amount not to exceed in any fiscal year the product of the aggregate amount of dividends declared in the fourth quarter of the immediately preceding fiscal year multiplied by four.

5. Derivative Instruments and Hedging Activities

The Company has interest rate risk relative to its outstanding borrowings (see Note 4 for information on the Company’s outstanding borrowings). The Company’s policy has been to manage interest cost using a mix of fixed and variable rate debt. To manage this risk in a cost-efficient manner, the Company uses derivative instruments, specifically interest rate swaps.

For each of the Company's interest rate swaps, the Company has agreed to exchange with a counterparty the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The interest rates on the portion of the Company's outstanding debt covered by its interest rate swaps are fixed at the rates in the table below plus the Company's credit spread. The Company's credit spread at May 3, 2019 was 1.25%. All of the Company's interest rate swaps are accounted for as cash flow hedges.

A summary of the Company's interest rate swaps at May 3, 2019 is as follows:

Trade Date	Effective Date	Term (in Years)	Notional Amount	Fixed Rate
January 30, 2015	May 3, 2019	2	\$ 60,000	2.16%
January 30, 2015	May 4, 2021	3	120,000	2.41%
January 30, 2015	May 3, 2019	2	60,000	2.15%
January 30, 2015	May 4, 2021	3	80,000	2.40%
January 16, 2019	May 3, 2019	3	115,000	2.63%
January 16, 2019	May 3, 2019	2	115,000	2.68%

The Company does not hold or use derivative instruments for trading purposes. The Company also does not have any derivatives not designated as hedging instruments and has not designated any non-derivatives as hedging instruments.

Companies may elect to offset related assets and liabilities and report the net amount on their financial statements if the right of setoff exists. Under a master netting agreement, the Company has the legal right to offset the amounts owed to the Company against amounts owed by the Company under a derivative instrument that exists between the Company and a counterparty. When the Company is engaged in more than one outstanding derivative transaction with the same counterparty and also has a legally enforceable master netting agreement with that counterparty, its credit risk exposure is based on the net exposure under the master netting agreement. If, on a net basis, the Company owes the counterparty, the Company regards its credit exposure to the counterparty as being zero.

The estimated fair values of the Company's derivative instruments as of May 3, 2019 and August 3, 2018 were as follows:

(See Note 2)	Balance Sheet Location	May 3, 2019	August 3, 2018
Interest rate swaps	Prepaid expenses and other current assets	\$ --	\$ 169
Interest rate swaps	Other assets	38	6,086
Total assets		\$ 38	\$ 6,255
Interest rate swaps	Long-term interest rate swap liability	\$ 1,684	\$ --
Total liabilities		\$ 1,684	\$ --

The following table summarizes the offsetting of the Company's derivative assets in the Condensed Consolidated Balance Sheets at May 3, 2019 and August 3, 2018:

(See Note 2)	Gross Asset Amounts		Liability Amount Offset		Net Asset Amount Presented in the Balance Sheets	
	May 3, 2019	August 3, 2018	May 3, 2019	August 3, 2018	May 3, 2019	August 3, 2018
Interest rate swaps	\$ 295	\$ 6,255	\$ (257)	\$ --	\$ 38	\$ 6,255

The following table summarizes the offsetting of the Company's derivative liabilities in the Condensed Consolidated Balance Sheets at May 3, 2019 and August 3, 2018:

(See Note 2)	Gross Liability Amounts		Asset Amount Offset		Net Liability Amount Presented in the Balance Sheets	
	May 3, 2019	August 3, 2018	May 3, 2019	August 3, 2018	May 3, 2019	August 3, 2018
Interest rate swaps	\$ 1,966	\$ --	\$ (282)	\$ --	\$ 1,684	\$ --

The estimated fair value of the Company's interest rate swap assets and liabilities incorporate the Company's non-performance risk (see Note 2). The adjustment related to the Company's non-performance risk at May 3, 2019 and August 3, 2018 resulted in reductions of \$62 and \$213, respectively, in the fair value of the interest rate swap assets and liabilities. The offset to the interest rate swap assets and liabilities are recorded in accumulated other comprehensive income (loss) ("AOCIL"), net of the deferred tax asset, and will be reclassified into earnings over the term of the underlying debt. As of May 3, 2019, the estimated pre-tax portion of AOCIL that is expected to be reclassified into earnings over the next twelve months is \$530. Cash flows related to the interest rate swaps are included in interest expense in the Condensed Consolidated Statements of Income and in operating activities in the Condensed Consolidated Statements of Cash Flows.

The following table summarizes the pre-tax effects of the Company's derivative instruments on AOCIL for the nine months ended May 3, 2019 and the year ended August 3, 2018:

	Amount of (Loss) Income Recognized in AOCIL on Derivatives (Effective Portion)	
	Nine Months Ended	Year Ended
	May 3, 2019	August 3, 2018
Cash flow hedges:		
Interest rate swaps	\$ (6,629)	\$ 13,103

The following table summarizes the pre-tax effects of the Company's derivative instruments on income for the quarters and nine-month periods ended May 3, 2019 and April 27, 2018:

	Location of Loss (Gain) Reclassified from AOCIL into Income (Effective Portion)	Amount of Loss (Gain) Reclassified from AOCIL into Income (Effective Portion)			
		Quarter Ended		Nine Months Ended	
		May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Cash flow hedges:					
Interest rate swaps	Interest expense	\$ (99)	\$ 865	\$ 43	\$ 2,852

Any portion of the fair value of the swaps determined to be ineffective will be recognized currently in earnings. No ineffectiveness has been recorded in the nine-month periods ended May 3, 2019 and April 27, 2018.

The following table summarizes the changes in AOCIL, net of tax, related to the Company's interest rate swaps for the nine months ended May 3, 2019 (see Notes 2 and 5):

	Changes in AOCIL
AOCIL balance at August 3, 2018	\$ 4,685
Other comprehensive loss before reclassifications	(4,934)
Amounts reclassified from AOCIL	(32)
Other comprehensive loss, net of tax	(4,966)
AOCIL balance at May 3, 2019	\$ (281)

The following table summarizes the amounts reclassified out of AOCIL related to the Company's interest rate swaps for the quarter and nine months ended May 3, 2019:

	Amount Reclassified from AOCIL		Affected Line Item in the Condensed Consolidated Financial Statements
	Quarter Ended	Nine Months Ended	
Gain (loss) on cash flow hedges:			
Interest rate swaps	\$ 99	\$ (43)	Interest expense
Tax benefit (expense)	(25)	11	Provision for income taxes
	\$ 74	\$ (32)	Net of tax

6. Seasonality

Historically, the net income of the Company has been lower in the first and third quarters and higher in the second and fourth quarters. Management attributes these variations to the holiday shopping season and the summer vacation and travel season. The Company's retail sales, which are made substantially to the Company's restaurant customers, historically have been highest in the Company's second quarter, which includes the holiday shopping season. Historically, interstate tourist traffic and the propensity to dine out have been higher during the summer months, thereby contributing to higher profits in the Company's fourth quarter. The Company generally opens additional new locations throughout the year. Therefore, the results of operations for any interim period cannot be considered indicative of the operating results for an entire year.

7. Segment Information

Cracker Barrel stores represent a single, integrated operation with two related and substantially integrated product lines. The operating expenses of the restaurant and retail product lines of a Cracker Barrel store are shared and are indistinguishable in many respects. Accordingly, the Company currently manages its business on the basis of one reportable operating segment. All of the Company's operations are located within the United States.

8. Revenue Recognition

Revenue consists primarily of sales from restaurant and retail operations. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a restaurant guest, retail customer or other customer. The Company's policy is to present sales in the Condensed Consolidated Statements of Income on a net presentation basis after deducting sales tax.

Disaggregation of revenue

Total revenue was comprised of the following for the specified periods:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Revenue:				
Restaurant	\$ 610,120	\$ 592,677	\$ 1,832,273	\$ 1,774,112
Retail	129,483	128,736	452,580	445,440
Total revenue	\$ 739,603	\$ 721,413	\$ 2,284,853	\$ 2,219,552

Restaurant Revenue

The Company recognizes revenues from restaurant sales when payment is tendered at the point of sale, as the Company's performance obligation to provide food and beverages is satisfied.

Retail Revenue

The Company recognizes revenues from retail sales when payment is tendered at the point of sale, as the Company's performance obligation to provide merchandise is satisfied. Ecommerce sales, including shipping revenue, are recorded upon delivery to the customer. Additionally, estimated sales returns are calculated based on return history and sales levels.

Gift Card Breakage

Included in restaurant and retail revenue is gift card breakage. Customer purchases of gift cards, to be utilized at the Company's stores, are not recognized as sales until the card is redeemed and the customer purchases food and/or merchandise. Gift cards do not carry an expiration date; therefore, customers can redeem their gift cards indefinitely. A certain number of gift cards will not be fully redeemed. Management estimates unredeemed balances and recognizes gift card breakage revenue for these amounts in the Company's Condensed Consolidated Statements of Income over the expected redemption period. Gift card breakage is recognized when the likelihood of a gift card being redeemed by the customer is remote and the Company determines that there is not a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction.

The determination of the gift card breakage rate is based upon the Company's specific historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage over the period of estimated redemption. For the quarter and nine months ended May 3, 2019, respectively, gift card breakage was \$1,699 and \$5,355. For the quarter and nine months ended April 27, 2018, respectively, gift card breakage was \$1,894 and \$5,647.

Deferred revenue related to the Company's gift cards was \$86,261 and \$76,199, respectively, at May 3, 2019 and August 3, 2018. Revenue recognized in the Condensed Consolidated Statements of Income for the nine months ended May 3, 2019 and April 27, 2018, respectively, for the redemption of gift cards which were included in the deferred revenue balance at the beginning of the fiscal year was \$36,815 and \$35,102.

9. Share-Based Compensation

Share-based compensation is recorded in general and administrative expenses in the accompanying Condensed Consolidated Statements of Income. Total share-based compensation was comprised of the following for the specified periods:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Nonvested stock awards	\$ 1,539	\$ 1,495	\$ 5,672	\$ 5,414
Performance-based market stock units ("MSU Grants")	--	247	--	649
	<u>\$ 1,539</u>	<u>\$ 1,742</u>	<u>\$ 5,672</u>	<u>\$ 6,063</u>

10. Income Taxes

On December 22, 2017, the U.S. government enacted the Tax Act. The Tax Act made broad and complex changes to the U.S. tax code, including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018. The Company used a rate of 21% in fiscal 2019 to record federal corporate income taxes, and, in accordance with Section 15 of the Internal Revenue Code, a blended rate of 26.9% for fiscal 2018, by applying a prorated percentage of the number of days prior to and subsequent to the January 1, 2018 effective date of the Tax Act.

The SEC's Staff Accounting Bulletin No. 118 ("SAB 118") provides guidance on accounting for tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting guidance under FASB Accounting Standards Codification Topic 740, *Income Taxes* ("ASC 740"). In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, the company must record a provisional estimate to be included in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provision of the tax laws that were in effect immediately before the enactment of the Tax Act. Consequently, the Company recorded a provisional tax benefit for the re-measurement of deferred tax liabilities of \$27,032 and \$2,500 for long-term and short-term deferred tax liabilities, respectively, in the second quarter of 2018. The Company finalized its calculation of the re-measurement of deferred tax liabilities in the second quarter of 2019; the completion of the Company's analysis resulted in no impact to Company's consolidated financial statements.

11. Net Income Per Share and Weighted Average Shares

Basic consolidated net income per share is computed by dividing consolidated net income available to common shareholders by the weighted average number of shares of common stock outstanding for the reporting period. Diluted consolidated net income per share reflects the potential dilution that could occur if securities, options or other contracts to issue shares of common stock were exercised or converted into shares of common stock and is based upon the weighted average number of shares of common stock and common equivalent shares outstanding during the reporting period. Common equivalent shares related to nonvested stock awards and units and MSU Grants issued by the Company are calculated using the treasury stock method. The outstanding nonvested stock awards and units, MSU Grants and stock options issued by the Company represent the only dilutive effects on diluted consolidated net income per share.

The following table reconciles the components of diluted earnings per share computations:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Net income per share numerator	\$ 50,414	\$ 48,747	\$ 158,376	\$ 186,266
Net income per share denominator:				
Weighted average shares	24,041,673	24,003,611	24,034,878	24,013,435
Add potential dilution:				
Stock options, nonvested stock awards and MSU Grants	62,759	62,172	55,748	62,399
Diluted weighted average shares	24,104,432	24,065,783	24,090,626	24,075,834

12. Commitments and Contingencies

The Company and its subsidiaries are party to various legal and regulatory proceedings and claims incidental to their business in the ordinary course. In the opinion of management, based upon information currently available, the ultimate liability with respect to these contingencies will not materially affect the Company's financial statements.

Related to its workers' compensation insurance coverage, the Company is contingently liable pursuant to standby letters of credit as credit guarantees to certain insurers. As of May 3, 2019, the Company had \$8,955 of standby letters of credit related to securing reserved claims under workers' compensation insurance. All standby letters of credit are renewable annually and reduce the Company's borrowing availability under its 2019 Revolving Credit Facility (see Note 4).

At May 3, 2019, the Company is secondarily liable for lease payments associated with two properties occupied by a third party. The Company is not aware of any non-performance under these lease arrangements that would result in the Company having to perform in accordance with the terms of these guarantees; and therefore, no provision has been recorded in the Condensed Consolidated Balance Sheets for amounts to be paid in case of non-performance by the primary obligor under such lease arrangements.

The Company enters into certain indemnification agreements in favor of third parties in the ordinary course of business. The Company believes that the probability of incurring an actual liability under such indemnification agreements is sufficiently remote that no such liability has been recorded in the Condensed Consolidated Balance Sheet as of May 3, 2019.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cracker Barrel Old Country Store, Inc. and its subsidiaries (collectively, the "Company," "our" or "we") are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® ("Cracker Barrel") concept. At May 3, 2019, we operated 659 Cracker Barrel stores in 45 states and seven Holler & Dash Biscuit House™ locations in five states. All dollar amounts reported or discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are shown in thousands, except per share amounts and certain statistical information (e.g., number of stores). References to years in MD&A are to our fiscal year unless otherwise noted.

MD&A provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. MD&A should be read in conjunction with the (i) condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q and (ii) audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended August 3, 2018 (the "2018 Form 10-K"). Except for specific historical information, many of the matters discussed in this report may express or imply projections of items such as revenues or expenditures, estimated capital expenditures, compliance with debt covenants, plans and objectives for future operations, inventory shrinkage, growth or initiatives, expected future economic performance or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results which we expect will or may occur in the future are forward-looking statements that, by their nature, involve risks, uncertainties and other factors which may cause our actual results and performance to differ materially from those expressed or implied by such statements. All forward-looking information is provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these risks, uncertainties and other factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "trends," "assumptions," "target," "guidance," "outlook," "opportunity," "future," "plans," "goals," "objectives," "expectations," "near-term," "long-term," "projection," "may," "will," "would," "could," "expect," "intend," "estimate," "anticipate," "believe," "potential," "should," "projects," "forecasts" or "continue" (or the negative or other derivatives of each of these terms) or similar terminology. We believe the assumptions underlying any forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. In addition to the risks of ordinary business operations, and those discussed or described in this report or in information incorporated by reference into this report, factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those contained in Part I, Item 1A of the 2018 Form 10-K, as well as the factors described under "Critical Accounting Estimates" on pages 26-27 of this report or, from time to time, in our filings with the Securities and Exchange Commission ("SEC"), press releases and other communications.

Readers are cautioned not to place undue reliance on forward-looking statements made in this report because the statements speak only as of the report's date. Except as may be required by law, we have no obligation or intention to update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any future public disclosures that we may make on related subjects in reports that we file with or furnish to the SEC or in our other public disclosures.

Overview

Management believes that the Cracker Barrel brand remains one of the strongest and most differentiated brands in the restaurant industry, and we plan to continue to leverage that strength throughout 2019 to grow sales and profits. Our priorities for 2019 consist of the following:

- Enhancing the core business through a heightened focus on the guest experience, food and value, and the continued expansion of our off-premise business;
- Expanding the footprint in new and developing markets while replenishing our store opening pipeline. We anticipate opening eight Cracker Barrel stores during 2019, of which seven opened in the first nine months of 2019; and
- Extending the brand by optimizing long-term drivers, such as Holler & Dash Biscuit House™, to further drive shareholder value.

We continued to be focused on the delivery of our 2019 priorities.

Results of Operations

The following table highlights our operating results by percentage relationships to total revenue for the quarter and nine-month period ended May 3, 2019 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold (exclusive of depreciation and rent)	29.3	30.2	30.8	31.1
Labor and other related expenses	36.2	35.7	35.1	34.6
Other store operating expenses	20.7	20.4	20.3	19.9
Store operating income	13.8	13.7	13.8	14.4
General and administrative expenses	5.0	4.9	4.9	4.9
Operating income	8.8	8.8	8.9	9.5
Interest expense	0.6	0.5	0.5	0.5
Income before income taxes	8.2	8.3	8.4	9.0
Provision for income taxes	1.4	1.5	1.5	0.6
Net income	6.8%	6.8%	6.9%	8.4%

The following table sets forth the number of stores in operation at the beginning and end of the quarters and nine-month periods ended May 3, 2019 and April 27, 2018:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Open at beginning of the period	664	654	660	649
Opened during the period	2	5	7	10
Closed during the period	--	--	(1)	--
Open at end of the period	666	659	666	659

Total Revenue

Total revenue for the third quarter and first nine months of 2019 increased 2.5% and 2.9%, respectively, compared to the same periods in the prior year.

The following table highlights the key components of revenue for the quarter and nine-month period ended May 3, 2019 as compared to the quarter and nine-month period ended April 27, 2018:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Revenue in dollars:				
Restaurant	\$ 610,120	\$ 592,677	\$ 1,832,273	\$ 1,774,112
Retail	129,483	128,736	452,580	445,440
Total revenue	<u>\$ 739,603</u>	<u>\$ 721,413</u>	<u>\$ 2,284,853</u>	<u>\$ 2,219,552</u>
Total revenue by percentage relationships:				
Restaurant	82.5%	82.2%	80.2%	79.9%
Retail	17.5%	17.8%	19.8%	20.1%
Average unit volumes ⁽¹⁾ :				
Restaurant	\$ 916.3	\$ 902.7	\$ 2,760.2	\$ 2,715.5
Retail	194.5	196.1	681.8	681.8
Total revenue	<u>\$ 1,110.8</u>	<u>\$ 1,098.8</u>	<u>\$ 3,442.0</u>	<u>\$ 3,397.3</u>
Comparable store sales increase (decrease):				
Restaurant	1.3%	1.5%	2.2%	1.0%
Retail	(2.6%)	0.9%	0.0%	(0.6%)
Restaurant and retail	0.6%	1.4%	1.8%	0.6%

⁽¹⁾Average unit volumes include sales of all stores.

For the third quarter of 2019, our comparable store restaurant sales increase resulted from a 3.1% average check increase (including a 1.8% average menu price increase) partially offset by a 1.8% guest traffic decrease as compared to the prior year third quarter. For the third quarter of 2019, our comparable store retail sales decrease resulted primarily from lower performance in the décor, kitchen and dining, bed and bath, and accessories merchandise categories as compared to the prior year third quarter.

For the first nine months of 2019, our comparable store restaurant sales increase resulted from a 3.2% average check increase (including a 2.0% average menu price increase) partially offset by a 1.0% guest traffic decline as compared to the prior year period. For the first nine months of 2019, our comparable store retail sales were flat to the same period in the prior year primarily due to strong performance in the apparel and media merchandise categories being offset by lower performance in décor and food merchandise categories as compared to the prior year period.

Restaurant and retail sales from newly opened stores accounted for the remainder of the total revenue increase in the third quarter and first nine months of 2019 as compared to the same periods in the prior year.

Cost of Goods Sold (Exclusive of Depreciation and Rent)

The following table highlights the components of cost of goods sold (exclusive of depreciation and rent) in dollar amounts and as percentages of revenues for the third quarter and first nine months of 2019 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Cost of Goods Sold in dollars:				
Restaurant	\$ 153,947	\$ 151,953	\$ 468,996	\$ 453,016
Retail	63,126	65,766	235,549	236,404
Total Cost of Goods Sold	<u>\$ 217,073</u>	<u>\$ 217,719</u>	<u>\$ 704,545</u>	<u>\$ 689,420</u>
Cost of Goods Sold by percentage of revenue:				
Restaurant	25.2%	25.6%	25.6%	25.5%
Retail	48.8%	51.1%	52.0%	53.1%

The decrease in restaurant cost of goods sold as a percentage of restaurant revenue in the third quarter of 2019 as compared to the third quarter of 2018 was primarily the result of our menu price increase referenced above.

The increase in restaurant cost of goods sold as a percentage of restaurant revenue in the first nine months of 2019 as compared to the same period in the prior year was primarily the result of commodity inflation and a shift to higher cost menu items partially offset by our menu price increase referenced above and lower food waste. Commodity inflation was 2.0% in the first nine months of 2019. Higher cost menu items accounted for an increase of 0.1% as a percentage of restaurant revenue for the first nine months of 2019 as compared to the same period in the prior year. Lower food waste accounted for a decrease of 0.1% in restaurant cost of goods sold as a percentage of restaurant revenue for the first nine months of 2019 as compared to the same period in the prior year.

We presently expect the rate of commodity inflation to be approximately 2.0% in 2019 as compared to 2018.

The decrease in retail cost of goods sold as a percentage of retail revenue in the third quarter of 2019 as compared to the prior year third quarter resulted from lower inventory shrinkage, lower markdowns and the change in the provision for obsolete inventory.

	Third Quarter Decrease as a Percentage of Retail Revenue
Inventory shrinkage	(0.9%)
Markdowns	(0.8%)
Provision for obsolete inventory	(0.6%)

The decrease in retail cost of goods sold as a percentage of retail revenue in the first nine months of 2019 as compared to the same period in the prior year resulted from lower markdowns, the change in the provision for obsolete inventory and lower inventory shrinkage partially offset by lower initial margin.

	First Nine Months (Decrease) Increase as a Percentage of Retail Revenue
Markdowns	(1.0%)
Provision for obsolete inventory	(0.5%)
Inventory shrinkage	(0.2%)
Lower initial margin	0.6%

Labor and Related Expenses

Labor and related expenses include all direct and indirect labor and related costs incurred in store operations. The following table highlights labor and related expenses as a percentage of total revenue for the third quarter and first nine months of 2019 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Labor and related expenses	36.2%	35.7%	35.1%	34.6%

This percentage change from the third quarter of 2018 to the third quarter of 2019 resulted primarily from the following:

	Third Quarter Increase (Decrease) as a Percentage of Total Revenue
Store hourly labor	0.4%
Miscellaneous wages	0.2%
Store management compensation	0.2%
Store bonus expense	0.1%
Employee health care expenses	(0.3%)

This percentage change from the first nine months of 2018 to the first nine months of 2019 resulted from the following:

	First Nine Months Increase (Decrease) as a Percentage of Total Revenue
Store hourly labor	0.4%
Store bonus expense	0.1%
Miscellaneous wages	0.1%
Store management compensation	0.1%
Employee health care expenses	(0.2%)

The increases in store hourly labor costs as a percentage of total revenue for the third quarter and first nine months of 2019 as compared to the same periods in the prior year resulted primarily from wage inflation exceeding menu price increases.

The increases in miscellaneous wages as a percentage of total revenue for the third quarter and first nine months of 2019 as compared to the same periods in the prior year resulted primarily from costs associated with our off-premise business and higher training costs. Additionally, costs associated with a store closure contributed to the increase in miscellaneous wages as a percentage of total revenue for the first nine months of 2019 as compared to the same period in the prior year.

The increases in store bonus expense as a percentage of total revenue for the third quarter and first nine months of 2019 as compared to the same periods in the prior year resulted from better performance against financial objectives in the third quarter and first nine months of 2019 and as compared to the same periods in the prior year.

The increases in store management compensation as a percentage of total revenue for the third quarter and first nine months of 2019 as compared to the same periods in the prior year resulted primarily from higher staffing levels.

Lower employee health care expenses as a percentage of total revenue for the third quarter and first nine months of 2019 as compared to the same periods in the prior year resulted primarily from lower claims activity.

Other Store Operating Expenses

Other store operating expenses include all store-level operating costs, the major components of which are utilities, operating supplies, repairs and maintenance, depreciation and amortization, advertising, rent, credit and gift card fees, real and personal property taxes, general insurance and costs associated with our bi-annual manager conference and training event. The following table highlights other store operating expenses as a percentage of total revenue for the third quarter and first nine months of 2019 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Other store operating expenses	20.7%	20.4%	20.3%	19.9%

This percentage change from the third quarter of 2018 to the third quarter of 2019 resulted from the following:

	Third Quarter Increase (Decrease) as a Percentage of Total Revenue
Depreciation expense	0.4%
Credit and gift card fees	0.2%
Other store expenses	(0.3%)

The increase in depreciation expense as a percentage of total revenue for the third quarter of 2019 as compared to the third quarter of 2018 resulted primarily from higher capital expenditures with accelerated depreciation methods.

The increase in credit and gift card fees as a percentage of total revenue for the third quarter of 2019 as compared to the third quarter of 2018 resulted primarily from costs associated with program expansion and card production.

The decrease in other store expenses as a percentage of total revenue for the third quarter of 2019 as compared to the third quarter of 2018 resulted primarily from proceeds received from the sale of certain technology assets and proceeds from a hurricane-related insurance settlement.

This percentage change from the first nine months of 2018 to the first nine months of 2019 resulted primarily from the following:

	First Nine Months Increase (Decrease) as a Percentage of Total Revenue
Depreciation expense	0.4%
Supplies expense	0.2%
Loss on disposition of property and equipment	0.1%
Advertising expense	(0.3%)
Maintenance expense	(0.1%)

The increase in depreciation expense as a percentage of total revenue for the first nine months of 2019 as compared to the same period in the prior year resulted primarily from higher capital expenditures with accelerated depreciation methods.

The increase in loss on disposition of property and equipment as a percentage of total revenue for the first nine months of 2019 as compared to the same period in the prior year primarily resulted from costs associated with a store closure, higher disposal of assets related primarily to discontinued projects and a reduction in the carrying value for a previously closed store.

The increase in supplies expense for the first nine months of 2019 as compared to the same period in the prior year resulted primarily from costs associated with growth in our off-premise business.

The decrease in advertising expense as a percentage of total revenue for the first nine months of 2019 as compared to the same period in the prior year resulted primarily from lower expenses for media spending.

The decrease in maintenance expense as a percentage of total revenue for the first nine months of 2019 as compared to the same period in the prior year is primarily due to non-recurring expenses incurred in the prior year related to strategic initiatives.

General and Administrative Expenses

The following table highlights general and administrative expenses as a percentage of total revenue for the third quarter and first nine months of 2019 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
General and administrative expenses	5.0%	4.9%	4.9%	4.9%

The increase in general and administrative expenses as a percentage of total revenue in the third quarter of 2019 as compared to the third quarter of 2018 resulted primarily from higher incentive compensation expense attributable to better performance against financial objectives in the third quarter of 2019 as compared to the third quarter of 2018. General and administrative expenses as a percentage of total revenue remained flat in the first nine months of 2019 as compared to the same period in the prior year.

Interest Expense

The following table highlights interest expense in dollar amounts for the third quarter and first nine months of 2019 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Interest expense	\$ 4,111	\$ 3,594	\$ 12,637	\$ 10,892

Both period-over-period increases resulted primarily from higher weighted average interest rates. Additionally, as part of our debt refinancing in the first quarter of 2019, we incurred additional interest expense of \$166 related to the write-off of deferred financing costs.

Provision for Income Taxes

The following table highlights the provision for income taxes as a percentage of income before income taxes (“effective tax rate”) for the third quarter and first nine months of 2019 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	May 3, 2019	April 27, 2018	May 3, 2019	April 27, 2018
Effective tax rate	17.3%	18.4%	17.0%	6.8%

The effective tax rate was significantly impacted by P.L. 115-97, the Tax Cuts and Jobs Act (the “Tax Act”), enacted on December 22, 2017 by the U.S. government, which reduced the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018. In fiscal 2019 and prospectively, we record taxes based on the statutory rate of 21%. In accordance with Section 15 of the Internal Revenue Code, we used a blended rate of 26.9% for our fiscal 2018 tax year, by applying a prorated percentage of the number of days prior to and subsequent to the January 1, 2018 effective date of the Tax Act.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from our operations and our borrowing capacity under our revolving credit facility. Our internally generated cash, along with cash on hand at August 3, 2018, was sufficient to finance all of our growth, dividend payments, working capital needs and other cash payment obligations in the first nine months of 2019.

We believe that cash on hand at May 3, 2019, along with cash generated from our operating activities and the borrowing capacity under our revolving credit facility, will be sufficient to finance our continuing operations, expected dividend payments and our continuing expansion plans for at least the next twelve months.

Cash Generated From Operations

Our operating activities provided net cash of \$252,586 for the first nine months of 2019, representing an increase from the \$220,975 net cash provided during the first nine months of 2018. This increase primarily reflected the change in tax payments in 2018 due to the Tax Act, lower bonus payments made in 2019 as a result of the prior year's performance, the timing of payments for accounts payable and lower retail inventory.

Borrowing Capacity and Debt Covenants

On September 5, 2018, we entered into a five-year \$950,000 revolving credit facility ("2019 Revolving Credit Facility") which replaced our \$750,000 revolving credit facility of which \$400,000 in borrowings was outstanding. The 2019 Revolving Credit Facility also contains an option to increase the revolving credit facility by \$300,000. In the first quarter of 2019, we paid \$3,022 in deferred financing costs related to the debt refinancing.

At May 3, 2019, we had \$400,000 of outstanding borrowings under the 2019 Revolving Credit Facility and we had \$8,955 of standby letters of credit related to securing reserved claims under our workers' compensation insurance which reduce our borrowing availability under the 2019 Revolving Credit Facility. At May 3, 2019, we had \$541,045 in borrowing availability under our 2019 Revolving Credit Facility. See Note 4 to our Condensed Consolidated Financial Statements for further information on our long-term debt.

The 2019 Revolving Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. We presently are in compliance with all financial covenants.

Capital Expenditures

Capital expenditures (purchase of property and equipment) net of proceeds from insurance recoveries were \$103,259 for the first nine months of 2019 as compared to \$101,685 for the same period in the prior year. Our capital expenditures consisted primarily of capital investments for existing stores, new store locations and capital expenditures for strategic initiatives. The increase in capital expenditures from the first nine months of 2018 to the first nine months of 2019 resulted primarily from capital expenditures for strategic initiatives partially offset by the timing of capital expenditures for new store openings as compared to the prior year. We estimate that our capital expenditures during 2019 will be approximately \$150,000. This estimate includes the acquisition of sites and construction costs of eight new Cracker Barrel stores that we have opened or expect to open during 2019, as well as for acquisition and construction costs for store locations to be opened in 2020. We also expect to increase capital expenditures for equipment, technology and strategic initiatives, which are intended to improve the guest experience and improve margins. We intend to fund our capital expenditures with cash flows from operations and borrowings under our 2019 Revolving Credit Facility, as necessary.

Dividends, Share Repurchases and Share-Based Compensation Awards

The 2019 Revolving Credit Facility imposes restrictions on the amount of dividends we are permitted to pay and the amount of shares we are permitted to repurchase. Under the 2019 Revolving Credit Facility, provided there is no default existing and the total of our availability under the 2019 Revolving Credit Facility plus our cash and cash equivalents on hand is at least \$100,000 (the "cash availability"), we may declare and pay cash dividends on shares of our common stock and repurchase shares of our common stock (1) in an unlimited amount if, at the time the dividend or the repurchase is made, our consolidated total leverage ratio is 3.00 to 1.00 or less and (2) in an aggregate amount not to exceed \$100,000 in any fiscal year if our consolidated total leverage ratio is greater than 3.00 to 1.00 at the time the dividend or repurchase is made; notwithstanding (1) and (2), so long as immediately after giving effect to the payment of any such dividends cash availability is at least \$100,000, we may declare and pay cash dividends on shares of our common stock in an aggregate amount not to exceed in any fiscal year the product of the aggregate amount of dividends declared in the fourth quarter of the immediately preceding fiscal year multiplied by four.

During the first nine months of 2019, we paid a regular dividend of \$3.75 per share and declared a dividend of \$1.25 per share that was paid on May 6, 2019 to shareholders of record on April 19, 2019. In addition, in the fourth quarter of 2019, our Board of Directors approved a regular dividend payable on August 5, 2019 to shareholders of record on July 19, 2019 of \$1.30 per share. In the fourth quarter of 2019, our Board of Directors also declared a special dividend of \$3.00 per share payable on August 2, 2019 to shareholders of record on July 19, 2019.

We have been authorized by our Board of Directors to repurchase shares at management's discretion up to \$25,000 during 2019. In the fourth quarter of 2019, our Board of Directors approved an increase in our share repurchase authorization of up to \$50,000 for a one-year period. This share repurchase authorization was effective immediately and replaced the prior share repurchase authorization of up to \$25,000. We did not repurchase any shares of our common stock during the first nine months of 2019.

During the first nine months of 2019, we issued 32,852 shares of our common stock resulting from the vesting of share-based compensation awards. Related tax withholding payments on these share-based compensation awards resulted in a net use of cash of \$2,220.

Working Capital

In the restaurant industry, virtually all sales are either for cash or third-party credit or debit card. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while restaurant inventories purchased locally are generally financed from normal trade credit. Because of our retail gift shops, which have a lower product turnover than the restaurant business, we carry larger inventories than many other companies in the restaurant industry. Retail inventories purchased domestically are generally financed from normal trade credit, while imported retail inventories are generally purchased through wire transfers. These various trade terms are aided by the rapid turnover of the restaurant inventory. Employees generally are paid on weekly or semi-monthly schedules in arrears for hours worked except for bonuses that are paid either quarterly or annually in arrears. Many other operating expenses have normal trade terms and certain expenses, such as certain taxes and some benefits, are deferred for longer periods of time.

We had negative working capital of \$2,588 at May 3, 2019 versus negative working capital of \$57,867 at August 3, 2018. The change in working capital from August 3, 2018 to May 3, 2019 primarily resulted from the increase in cash.

Off-Balance Sheet Arrangements

Other than various operating leases, we have no other material off-balance sheet arrangements. Refer to the sub-section entitled "Off-Balance Sheet Arrangements" under the section entitled "Liquidity and Capital Resources" presented in the MD&A of our 2018 Form 10-K for additional information regarding our operating leases.

Material Commitments

There have been no material changes in our material commitments other than in the ordinary course of business since the end of 2018. Refer to the sub-section entitled "Material Commitments" under the section entitled "Liquidity and Capital Resources" presented in the MD&A of our 2018 Form 10-K for additional information regarding our material commitments.

Recent Accounting Pronouncements Adopted and Not Adopted

See Note 1 to the accompanying Condensed Consolidated Financial Statements for a discussion of recent accounting guidance adopted and not yet adopted. The adopted accounting guidance discussed in Note 1 did not have a significant impact on our consolidated financial position or results of operations. Regarding the accounting guidance not yet adopted, with the exception of the accounting guidance for leases, we do not expect the accounting guidance will have a significant impact on the Company's financial position or results of operations. Regarding the accounting guidance for leases, we currently expect that the adoption of the accounting guidance will have a material impact on our consolidated balance sheet. We currently do not expect that the adoption of the accounting guidance for leases will have material impact on our consolidated statement of income or statement of cash flows.

Critical Accounting Estimates

We prepare our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates and judgments on historical experience, current trends, outside advice from parties believed to be experts in such matters, and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. However, because future events and their effects cannot be determined with certainty, actual results could differ from those assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2 to the Consolidated Financial Statements contained in the 2018 Form 10-K. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions.

Critical accounting estimates are those that:

- management believes are most important to the accurate portrayal of both our financial condition and operating results, and
- require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We consider the following accounting estimates to be most critical in understanding the judgments that are involved in preparing our Consolidated Financial Statements:

- Impairment of Long-Lived Assets
- Insurance Reserves
- Retail Inventory Valuation

Management has reviewed these critical accounting estimates and related disclosures with the Audit Committee of our Board of Directors.

Impairment of Long-Lived Assets

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying amount of the asset, the carrying value is written down, for an asset to be held and used, to the estimated fair value or, for an asset to be disposed of, to the fair value, net of estimated costs of disposal. Any loss resulting from impairment is recognized by a charge to income. Judgments and estimates that we make related to the expected useful lives of long-lived assets and future cash flows are affected by factors such as changes in economic conditions and changes in operating performance. The accuracy of such provisions can vary materially from original estimates and management regularly monitors the adequacy of the provisions until final disposition occurs.

We have not made any material changes in our methodology for assessing impairments during the first nine months of 2019, and we do not believe that there is a reasonable likelihood that there will be a material change in the estimates or assumptions used by us in the future to assess impairment of long-lived assets. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and fair values of long-lived assets, we may be exposed to losses that could be material.

Insurance Reserves

We self-insure a significant portion of our expected workers' compensation and general liability insurance programs. We purchase insurance for individual workers' compensation claims that exceed \$250, \$750 or \$1,000 depending on the state in which the claim originated. We purchase insurance for individual general liability claims that exceed \$500. We record a reserve for workers' compensation and general liability for all unresolved claims and for an estimate of incurred but not reported ("IBNR") claims. These reserves and estimates of IBNR claims are based upon a full scope actuarial study which is performed annually at the end of our third quarter and is adjusted by the actuarially determined losses and actual claims payments for the fourth quarter. Additionally, we perform limited scope actuarial studies on a quarterly basis to verify and/or modify our reserves. The reserves and losses in the actuarial study represent a range of possible outcomes within which no given estimate is more likely than any other estimate. As such, we record the losses in the lower end of that range and discount them to present value using a risk-free interest rate based on projected timing of payments. We also monitor actual claims development, including incurrence or settlement of individual large claims during the interim periods between actuarial studies as another means of estimating the adequacy of our reserves.

Our group health plans combine the use of self-insured and fully-insured programs. Benefits for any individual (employee or dependents) in the self-insured group health program are limited. We record a liability for the self-insured portion of our group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience. Additionally, we record a liability for unpaid prescription drug claims based on historical experience.

Our accounting policies regarding workers' compensation, general insurance and health insurance reserves include certain actuarial assumptions and management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. We have not made any material changes in the methodology used to establish our insurance reserves during the first nine months of 2019 and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to calculate the insurance reserves. However, changes in these actuarial assumptions, management judgments or claims experience in the future may produce materially different amounts of expense that would be reported under these insurance programs.

Retail Inventory Valuation

Cost of goods sold includes the cost of retail merchandise sold at our stores utilizing the retail inventory method ("RIM"). Under RIM, the valuation of our retail inventories is determined by applying a cost-to-retail ratio to the retail value of our inventories. Inherent in the RIM calculation are certain management judgments and estimates, including initial markons, markups, markdowns and shrinkage, which may significantly impact the gross margin calculation as well as the ending inventory valuation.

Inventory valuation provisions are included for retail inventory obsolescence and retail inventory shrinkage. Retail inventory is reviewed on a quarterly basis for obsolescence and adjusted as appropriate based on assumptions made by management and judgment regarding inventory aging and future promotional activities. Retail inventory also includes an estimate of shrinkage that is adjusted upon physical inventory counts. Annual physical inventory counts are conducted throughout the third quarter based upon a cyclical inventory schedule. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a two-year average of the physical inventories' results on a store-by-store basis.

We have not made any material changes in the methodologies, estimates or assumptions related to our merchandise inventories during the first nine months of 2019 and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions in the future. However, actual obsolescence or shrinkage recorded may produce materially different amounts than we have estimated.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our quantitative and qualitative market risks since August 3, 2018. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" of the 2018 Form 10-K.

ITEM 4. Controls and Procedures

Our management, including our principal executive and principal financial officers, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that as of May 3, 2019, our disclosure controls and procedures were effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e).

There have been no changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended May 3, 2019 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. Risk Factors

There have been no material changes in the risk factors previously disclosed in “Item 1A. Risk Factors” of our 2018 Form 10-K.

ITEM 6. Exhibits

INDEX TO EXHIBITS

Exhibit

3.1	Amended and Restated Charter of Cracker Barrel Old Country Store, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on April 10, 2012 (Commission File No. 001-25225))
3.2	Amended and Restated Bylaws of Cracker Barrel Old Country Store, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on February 24, 2012 (Commission File No. 001-25225))
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (filed herewith)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CRACKER BARREL OLD COUNTRY STORE, INC.

Date: June 4, 2019

By: /s/Jill M. Golder
Jill M. Golder, Senior Vice President and
Chief Financial Officer

Date: June 4, 2019

By: /s/Jeffrey M. Wilson
Jeffrey M. Wilson, Vice President, Corporate Controller and
Principal Accounting Officer

I, Sandra B. Cochran, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cracker Barrel Old Country Store, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 4, 2019

/s/Sandra B. Cochran

Sandra B. Cochran, President and
Chief Executive Officer

I, Jill M. Golder, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cracker Barrel Old Country Store, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 4, 2019

/s/Jill M. Golder

Jill M. Golder, Senior Vice President
and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended May 3, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sandra B. Cochran, President and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: June 4, 2019

By: /s/Sandra B. Cochran
Sandra B. Cochran
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended May 3, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jill M. Golder, Senior Vice President and Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: June 4, 2019

By: /s/Jill M. Golder
Jill M. Golder,
Senior Vice President and Chief Financial Officer
