

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarterly Period Ended October 27, 1995

Commission file number 0-7536

CRACKER BARREL OLD COUNTRY STORE, INC.

Incorporated in Tennessee

I.R.S. Employer Identification
No. 62-0812904

Hartmann Drive, P.O. Box 787
Lebanon, Tennessee 37087

615-444-5533

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 X No_

60,234,822 Shares of Common Stock
Issued and Outstanding

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PART I

Item 1. Financial Statements

CRACKER BARREL OLD COUNTRY STORE, INC.

	(Unaudited) October 27, 1995	(Audited) July 28, 1995
<u>CONDENSED BALANCE SHEETS</u>		
<u>ASSETS</u>		
Cash and cash equivalents	\$ 31,578,685	\$ 48,123,914
Short-term investments	14,081,075	11,103,625
Receivables	3,105,720	3,192,910
Inventories	63,699,330	51,514,831
Prepaid expenses	481,574	912,481
Deferred income taxes	5,518,702	5,518,702

Total current assets	118,465,086	120,366,463
Property and equipment	610,370,532	576,854,438
Accumulated depreciation and amortization	105,152,495	97,336,457
Property and equipment-net	505,218,037	479,517,981
Long-term investments	2,492,475	4,037,830
Other assets	694,037	593,117
Total assets	\$626,869,635	\$604,515,391
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable	\$ 26,267,737	\$ 29,750,675
Other current liabilities	52,434,471	47,015,779
Total current liabilities	78,702,208	76,766,454
Long-term debt	21,290,000	19,500,000
Capital lease obligations	1,570,461	1,598,093
Deferred income taxes	10,567,946	10,567,946
Stockholders' equity:		
Common stock	30,117,411	29,996,023
Additional paid-in capital	197,463,065	195,420,664
Retained earnings	287,158,544	270,666,211
Total stockholders' equity	514,739,020	496,082,898
Total liabilities and stockholders' equity	\$626,869,635	\$604,515,391
	=====	=====

Note: The balance sheet as of July 28, 1995 has been taken from the audited financial statements at that date, and condensed.

See notes to financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED STATEMENTS OF INCOME (UNAUDITED)

	For the Quarters Ended	
	October 27, 1995	October 28, 1994
Net sales	\$221,011,273	\$184,947,701
Cost of goods sold	73,607,311	61,389,938
Gross profit on sales	147,403,962	123,557,763
Expenses:		
Store operations:		
Labor & other related expenses	73,949,014	60,620,088
Other store operating expenses	33,330,893	27,309,321
General and administrative	13,562,292	11,462,938
Total expenses	120,842,199	99,392,347
Operating income	26,561,763	24,165,416
Interest expense	179,367	244,959
Interest income	703,947	879,680
Income before income taxes	27,086,343	24,800,137
Provision for income taxes	10,292,810	9,200,851
Net income	\$ 16,793,533	\$ 15,599,286
Earnings per share	\$.28	\$.26
Average common and common equivalent shares outstanding	60,621,289	60,592,156
Dividends per common share	\$.005	\$.005

See notes to financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Quarters Ended	
	October 27, 1995	October 28, 1994
Cash flows from operating activities:		
Net income	\$16,793,533	\$15,599,286
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	7,862,844	6,469,656
Loss on disposition of property and equipment	8,938	94,265
Increase in inventories	(12,184,499)	(8,664,475)
Increase in other assets	(100,920)	(41,846)
Decrease in accounts payable	(3,482,938)	(2,122,564)
Increase in other current assets and liabilities	4,146,789	2,365,833
Net cash provided by operating activities	13,043,747	13,700,155
Cash flows from investing activities:		
Purchase of short-term and long-term investments	(1,834,823)	(3,279,921)
Proceeds from maturities of short-term and long-term investments	402,728	5,755,273
Purchase of property and equipment	(30,011,851)	(29,404,958)
Proceeds from sale of property and equipment	20,013	23,115
Net cash used in investing activities	(31,423,933)	(26,906,491)
Cash flows from financing activities:		
Proceeds from exercise of stock options	2,163,789	176,720
Principal payments under long-term debt and capital lease obligations	(27,632)	(23,445)
Dividends on common stock	(301,200)	(299,581)
Net cash provided by (used in) financing activities	1,834,957	(146,306)
Net decrease in cash and cash equivalents	(16,545,229)	(13,352,642)
Cash and cash equivalents, beginning of year	48,123,914	47,305,523
Cash and cash equivalents, end of quarter	\$31,578,685 =====	\$33,952,881 =====
Supplemental disclosures of cash flow information:		
Cash paid during the quarter for:		
Interest	\$ 11,749	\$ 11,603
Income taxes	5,494,941	5,235,866

Supplemental schedule of noncash investing and financing activities:

The Company purchased land during the quarter ended October 27, 1995 for \$2,700,000 in cash and \$3,580,000 in a mortgage agreement, of which \$1,790,000 is classified as other current liabilities at October 27, 1995.

CRACKER BARREL OLD COUNTRY STORE, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Condensed Financial Statements

The condensed balance sheet as of October 27, 1995 and the related condensed statements of income and cash flows for the quarters ended October 27, 1995 and October 28, 1994, have been prepared by the Company, without audit; in the opinion of management, all adjustments for a fair presentation of such condensed financial statements have been made.

These condensed financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's annual report for the year ended July 28, 1995.

Deloitte & Touche LLP, the Company's independent accountants, have performed a limited review of the financial information included herein. Their report on such review accompanies this filing.

2. Income Taxes

The provision for income taxes for the quarter ended October 27, 1995 has been computed based on management's estimate of the tax rate for the entire fiscal year of 38.0%. The variation between the statutory tax rate and the effective tax rate is due primarily to employer tax credits for FICA taxes paid on tip income. The Company's effective tax rate for the quarter ended October 28, 1994 was 37.1% and for the entire fiscal year of 1995 was 37.3%.

3. Seasonality

The sales and profits of the Company are affected significantly by seasonal travel and vacation patterns because of its interstate highway locations. Historically, the Company's greatest sales and profits have occurred during the period of June through August. Early December through the last part of February, excluding the Christmas holidays, has historically been the period of lowest sales and profits. Therefore, the results of operations for the quarter ended October 27, 1995 cannot be considered indicative of the operating results for the full fiscal year.

4. Reclassifications

Certain reclassifications have been made in the first quarter fiscal 1995 financial statements to conform to the classifications used at fiscal year end 1995.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The following table highlights operating results for the first quarter of fiscal 1996 as compared to the fiscal 1995 first quarter:

	Relationship to Net Sales Quarters Ended		Period to Period Increase(Decrease)
	10/27/95	10/28/94	
Net sales:			
Restaurant	79.0%	78.6%	20%
Gift shop	21.0%	21.4%	18%
Total sales	<u>100.0%</u>	<u>100.0%</u>	19%
Cost of goods sold	33.3%	33.2%	20%
Expenses:			
Store operations:			
Labor & other related expenses	33.5%	32.8%	22%
Other store operating expenses	15.1%	14.8%	22%
General and administrative	6.1%	6.2%	18%
Total expenses	<u>54.7%</u>	<u>53.7%</u>	22%
Operating income	12.0%	13.1%	10%
Interest expense	0.1%	0.1%	(27%)
Interest income	0.3%	0.5%	(20%)
Income before income taxes	12.3%	13.4%	9%
Provision for income taxes	4.7%	5.0%	12%
Net income	7.6%	8.4%	8%

	Same Store Sales Analysis 182 Store Average (\$000)		
Restaurant	\$781.5	\$765.8	2%
Gift shop	208.3	207.9	0%
Restaurant & gift shop	<u>\$989.8</u> =====	<u>\$973.7</u> =====	2%

Net sales for the first quarter of fiscal 1996 increased 19% over last year's first quarter. Same store restaurant sales increased 2.0%. Same store gift shop sales increased 0.2%. Total same store sales (restaurant and gift shop) increased 1.7%. Sales from new stores accounted for the remainder of the increase.

Cost of goods sold as a percentage of net sales was 33.3% this year compared to 33.2% in the first quarter of last year. Cost of goods sold as a percentage of sales increased from the first quarter last year primarily due to a new menu which was implemented in May 1995, and also because of an increase in commodity prices over the first quarter of last year.

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. Labor expenses as a percentage of net sales were 33.5% this year compared to 32.8% last year. Labor expenses as a percentage of net sales increased from the first quarter last year primarily due to the continuing labor pressures as the costs to hire and retain employees continue to increase, unemployment rates remain low, and competition remains high in our industry. Other store operating expenses include all unit-level operating costs, the major components of which are operating supplies, repairs and maintenance, advertising expenses, utilities and depreciation and amortization. Other store operating expenses as a percentage of net sales were 15.1% this year versus 14.8% during the same quarter last year. The primary reason for the increase in other store operating expenses as a percent of net sales was an increase in the overall advertising budget due to developmental market advertising in an effort to build name awareness and other new initiatives to build brand loyalty in our core and growth markets.

General and administrative expenses as a percentage of net sales decreased to 6.1% during the first quarter of this year from 6.2% during the first quarter of last year. The primary reason for the decrease was increased volume.

Interest expense decreased to \$179,367 for the quarter ended October 27, 1995 from \$244,959 in the same quarter a year ago. The decrease was primarily due to lower average debt outstanding during the quarter ended October 27, 1995.

Interest income decreased to \$703,947 in this year's first quarter from \$879,680 a year ago. The primary reason for the decrease in interest income was lower average funds available for investment which was partially offset by higher interest rates in fiscal 1996.

Liquidity and Capital Resources

The Company's operating activities provided net cash of \$13.0 million in the first quarter of fiscal 1996. Net income adjusted by depreciation and amortization provided most of the cash. Increases in inventories and decreases in accounts payable were partially offset by increases in other current assets and liabilities.

Capital expenditures were \$30.0 million in the first quarter of fiscal 1996. Land purchases and cost of new stores accounted for substantially all of these expenditures.

The Company's internally generated cash and short-term investments were sufficient to finance all of its growth in the first quarter of fiscal 1996.

The Company estimates that its capital expenditures for fiscal 1996 will be approximately \$150 million, substantially all of which will be land purchases and cost of new stores, except for \$8 million relating to the expansion of the gift shop distribution center to meet the increased demand from new stores. Management believes that cash, short-term and long-term investments at October 27, 1995, along with cash generated from the Company's operating activities, will be sufficient to finance its continued expansion in fiscal 1996 and its continued expansion plans through most of fiscal 1997. Presently, the Company has an unused revolving credit line of \$15 million.

INDEPENDENT ACCOUNTANTS' REPORT

Cracker Barrel Old Country Store, Inc.

We have reviewed the accompanying condensed balance sheet of Cracker Barrel Old Country Store, Inc. as of October 27, 1995, and the related condensed statements of income and cash flows for the quarters ended October 27, 1995 and October 28, 1994. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet of Cracker Barrel Old Country Store, Inc. as of July 28, 1995, and the related statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated September 6, 1995, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of July 28, 1995 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

Deloitte & Touche LLP
Nashville, Tennessee

December 6, 1995

PART II

Item 1. Legal Proceedings

 None.

Item 2. Changes in Securities

 None.

Item 3. Defaults Upon Senior Securities

 None.

Item 4. Submission of Matters to a Vote of Security Holders

 A. The annual meeting of shareholders was held November 28, 1995.

B. Election of Directors - The following represents directors whose terms of offices continued after the meeting: James C. Bradshaw, Robert V. Dale, Dan W. Evins, Edgar W. Evins, William D. Heydel, Robert C. Hilton, Charles E. Jones, Jr., Charles T. Lowe, Jr., B. F. Lowery, Gordon L. Miller, Martha M. Mitchell, James H. Stewart and Jimmie D. White. Ronald N. Magruder was elected to the board at this meeting.

C. Other matters:

Proposal 2 - Increase number of shares available under 1987 stock option plan. This proposal was to increase the number of shares available under the Company's 1987 Stock Option Plan from 8,550,607 to 11,550,607.

Affirmative votes cast	40,939,740
Negative votes cast	<u>8,027,839</u>
Votes cast to abstain	399,724
Broker non-votes	<u>1,004,804</u>

Proposal 3 - Approval of appointment of auditors. This proposal was to approve the selection of Deloitte and Touche LLP as the Company's independent auditors for the 1996 fiscal year.

Affirmative votes cast	49,861,744
Negative votes cast	<u>316,600</u>
Votes cast to abstain	193,763

Proposal 4 - Shareholder proposal. This shareholder proposal requested the Board of Directors to consider and take action on a proposal of a certain shareholder, requesting that the Board

of Directors prepare a report in which the primary emphasis would be to explore ways to link executive compensation to social issues.

Affirmative votes cast	2,227,463
Negative votes cast	<u>28,719,993</u>
Votes cast to abstain	682,811
Broker non-votes	<u>18,741,840</u>

Proposal 5 - Shareholder proposal. This shareholder proposal requested the Board of Directors to consider and take action on a proposal of a certain shareholder, requesting that the Board of Directors prepare a report ascertaining the costs incurred by the Company due to the alleged "continuing controversy" regarding its policies towards gay men and lesbians.

Affirmative votes cast	2,572,750
Negative votes cast	27,350,065
Votes cast to abstain	1,707,452
Broker non-votes	18,741,840

D. None.

Item 5. Other Information

As announced on September 6, 1995, Jimmie D. White will retire as Senior Vice President - Finance and Chief Financial Officer as soon as his replacement is in place. Mr. White will remain on the Board of Directors.

On November 27, 1995, the Company announced that Michael A. Woodhouse will join the Company as Senior Vice President - Finance and Chief Financial Officer effective December 11, 1995. Mr. Woodhouse (Age 50) was most recently Senior Vice President and Chief Financial Officer of Daka International, Inc. (Nasdaq/NM:DKAI), a leading supplier of food service management, vending operations and owner of Fuddrucker's restaurants.

Mr. Woodhouse joined Daka in 1993 as Vice President - Finance and in 1994 was promoted to Senior Vice President and Chief Financial Officer. At Daka he was responsible for all facets of the company's financial reporting and investor relations. Woodhouse is best known in the industry for his work with Steak & Ale Restaurants where he served as Executive Vice President and Chief Financial Officer during a period of substantial unit expansion. He is also known for his work as Executive Vice President and Chief Financial Officer of T.G.I. Friday's Inc. during its successful turnaround.

On November 1, 1995, one store, located in Memphis, Tennessee, was closed. The closing will result in a one-time expense of approximately \$500,000 effective in the second quarter of this year.

Item 6. Exhibits and Reports on Form 8-K

Letter regarding unaudited financial information.

December 6, 1995

Cracker Barrel Old Country Store, Inc.
305 Hartmann Drive
Lebanon, TN 37087

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Cracker Barrel Old Country Store, Inc. for the quarters ended October 27, 1995 and October 28, 1994, as indicated in our report dated December 6, 1995; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended October 27, 1995, is incorporated by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567 and 33-45482 on Forms S-8 and Registration Statement No. 33-59582 on Form S-3.

We also are aware that the aforementioned report, pursuant to rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Deloitte & Touche LLP
Nashville, Tennessee

This schedule contains summary financial information extracted from the financial statement of Cracker Barrel for the 3 months ended October 27, 1995, and is qualified in its entirety by reference to such financial statements

1,000

3-MOS	
	AUG-2-1996
	JUL-29-1995
	OCT-27-1995
	31,579
	14,081
	3,106
	0
	63,699
	118,465
	610,371
	105,153
	626,870
78,702	
	21,290
	30,117
0	
	0
	484,622
626,870	
	221,011
221,011	
	73,607
	107,280
	13,562
	0
	179
	27,087
	10,293
16,794	
	0
	0
	0
	16,794
	.28
	.28