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 January 30, 1998

Commission file number 0-7536

CRACKER BARREL OLD COUNTRY STORE, INC.

A Tennessee Corporation I.R.S. EIN: 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

61,892,157 Shares of Common Stock
Issued and Outstanding as of February 27, 1998

PART I

Item 1. Financial Statements

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except share data)

	January 30, 1998	August 1, 1997
ASSETS	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	$ 66,460	$ 64,933
Short-term investments	--	1,666
Receivable	3,752	4,836
Inventories	65,010	73,269
Prepaid expenses	3,648	4,707
Total current assets	138,870	149,411
Property and equipment, net	744,426	678,167
Other assets	2,128	1,127
Total assets	$885,424	$828,705
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 28,091	$ 27,422
Accrued expenses	58,000	57,669

Current portion of long-term debt	2,500	3,500
Current portion of capital lease obligations	166	166
Total current liabilities	88,757	88,757
Long-term debt	59,500	62,000
Capital lease obligations	1,237	1,302
Deferred income taxes	16,214	16,214
Stockholders' equity:		
Common stock - $.50 par value, authorized 150,000,000 shares, issued and outstanding 61,778,720 at January 30, 1998 and 61,065,306 at August 1, 1997	30,889	30,533
Additional paid-in capital	227,435	211,850
Retained earnings	461,392	418,049
Total stockholders' equity	719,716	660,432
Total liabilities and stockholders' equity	$885,424	$828,705

See notes to condensed consolidated financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)
(Unaudited)

	Quarter Ended		Six Months Ended	
	January 30, 1998	January 31, 1997	January 30, 1998	January 31, 1997
Net sales:				
Restaurant	$232,137	$194,737	$474,367	$397,265
Retail	89,653	73,117	160,178	129,491
Total sales	321,790	267,854	634,545	526,756
Cost of goods sold	116,636	97,572	223,127	186,887
Gross profit on sales	205,154	170,282	411,418	339,869
Labor & related expenses	106,615	89,171	212,715	176,396
Other store operating expenses	49,652	41,065	96,141	79,034
Store operating income	48,887	40,046	102,562	84,439
General and administrative	16,666	14,752	32,548	29,106
Operating income	32,221	25,294	70,014	55,333
Interest expense	838	358	1,898	358
Interest income	697	523	1,517	887
Pretax income	32,080	25,459	69,633	55,862
Provision for income taxes	11,806	9,471	25,626	21,024
Net income	$ 20,274	$ 15,988	$ 44,007	$ 34,838
Earnings per share:				
Basic	$ .33	$ .26	$ .72	$ .57
Diluted	$ .32	$ .26	$ .70	$ .57
Weighted average shares:				
Basic	61,607	60,766	61,443	60,687
Diluted	62,760	61,286	62,543	61,185
Dividends per share	$ .005	$ .005	$ .010	$ .010

See notes to condensed consolidated financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended	
	January 30, 1998	January 31, 1997
Cash flows from operating activities:		
Net income	$44,007	$34,838
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	21,886	18,802
Loss (gain) on disposition of property and equipment	534	(27)
Changes in assets and liabilities:		
Inventories	8,259	(661)
Other assets	(1,001)	147
Accounts payable	669	(1,059)
Other current assets and liabilities	2,474	(7,719)
Net cash provided by operating activities	76,828	44,321
Cash flows from investing activities:		
Proceeds from maturities of investments	1,666	3,870
Purchase of property and equipment	(89,381)	(78,859)
Proceeds from sale of property and equipment	702	1,235
Net cash used in investing activities	(87,013)	(73,754)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	--	50,000
Proceeds from exercise of stock options	15,941	3,095
Principal payments under long-term debt and capital lease obligations	(3,565)	(4,065)
Dividends on common stock	(664)	(607)
Net cash provided by financing activities	11,712	48,423
Net increase in cash and cash equivalents	1,527	18,990
Cash and cash equivalents, beginning of year	64,933	28,971
Cash and cash equivalents, end of period	$66,460	$47,961
Supplemental disclosures of cash flow information:		
Cash paid during the six months for:		
Interest	$ 2,387	$ 947
Income taxes	29,180	23,345

See notes to condensed consolidated financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheet as of January 30, 1998 and the related condensed consolidated statements of income and cash flows for the quarters and six-month periods ended January 30, 1998 and January 31, 1997, have been prepared by the Company, without audit; in the opinion of management, all adjustments for a fair presentation of such condensed consolidated financial statements have been made.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended August 1, 1997.

Deloitte & Touche LLP, the Company's independent auditors, 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 and six-month period ended January 30, 1998 has been computed based on management's estimate of the tax rate for the entire fiscal year of 36.8%. 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 rates for the quarter and six-month period ended January 31, 1997 and for the entire fiscal year of 1997 were 37.2%, 37.6% and 37.0%, respectively.

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 and six-month period ended January 30, 1998 cannot be considered indicative of the operating results for the full fiscal year.

4. Earnings per Share and Weighted Average Shares

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS No. 128"), "Earnings Per Share," which requires presentation of basic and diluted earnings per share. Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities, options or other contracts to issue common stock were exercised or converted into common stock. As required, the Company adopted the provisions of SFAS No. 128 in the quarter ended January 30, 1998. All prior year weighted average and per share information has been restated in accordance with SFAS No. 128. Outstanding stock options issued by the Company represent the only dilutive effect reflected in diluted weighted average shares.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (In thousands)

All dollar amounts reported or discussed in Item 2 are shown in thousands. Except for specific historical information, many of the matters discussed in this Form 10-Q may express or imply projections of revenues or expenditures, statements of plans and objectives or future operations or statements of future economic performance. Those, and similar statements are forward-looking statements that involve risks, uncertainties and other factors which may cause the actual performance of Cracker Barrel Old Country Store, Inc. to differ materially from those expressed or implied by such statements. Factors which will affect actual results include, but are not limited to: the availability and costs of acceptable sites for development; the ability of the Company to retain qualified employees, and to recruit and train restaurant personnel in its expansion locations; the acceptance of the Cracker Barrel concept as the Company continues to expand into new geographic regions; continued successful development of new and regional menu items; the continued success of the Company's frequency-based Cracker Barrel Old Country Store Neighborhood program; changes in or implementation of additional governmental rules and regulations affecting wage and hour matters, health and safety and other areas affected by governmental actions, and other factors described from time to time in the Company's filings with the Securities and Exchange Commission, press releases and other communications.

Results of Operations

The following table highlights operating results for the quarter and six-month period ended January 30, 1998 as compared to the same periods a year ago:

	Quarter Ended		Six Months Ended	
	January 30, 1998	January 31, 1997	January 30, 1998	January 31, 1997
Net sales:				
Restaurant	72.1%	72.7%	74.8%	75.4%
Retail	27.9	27.3	25.2	24.6
Total net sales	100.0	100.0	100.0	100.0
Cost of goods sold	36.3	36.5	35.2	35.5
Gross profit	63.7	63.5	64.8	64.5
Labor & related expenses	33.1	33.3	33.5	33.5
Other store operating expenses	15.4	15.3	15.2	15.0
Store operating income	15.2	14.9	16.1	16.0
General and administrative	5.2	5.5	5.1	5.5
Operating income	10.0	9.4	11.0	10.5
Interest expense	0.2	0.1	0.3	0.1
Interest income	0.2	0.2	0.2	0.2
Pretax income	10.0	9.5	10.9	10.6
Provision for income taxes	3.7	3.5	4.0	4.0

Net income	6.3%	6.0%	6.9%	6.6%
	=====	=====	=====	=====

Same Store Sales Analysis
257 Store Average

	Quarter Ended		Six Months Ended	
	January 30, 1998	January 31, 1997	January 30, 1998	January 31, 1997
Restaurant	$ 736.2	$706.2	$1,521.6	$1,477.2
Retail	279.5	264.5	505.0	478.8
Restaurant & retail	$1,105.7	$970.7	$2,026.6	$1,956.0

Sales

Net sales for the second quarter of fiscal 1998 increased 20% compared to last year's second quarter. Same store restaurant sales increased 4.2% and same store retail sales increased 5.7%, for a total same store sales (restaurant and retail) increase of 4.6%. Same store restaurant sales increased primarily due to an effective 2.3% menu price increase throughout the quarter and above normal temperatures in several of our core markets during the month of January which improved customer traffic. Same store retail sales increased primarily due to customer count increases in the restaurants and an improved assortment of retail items in the stores. New stores accounted for the balance of the second quarter net sales increase.

Net sales for the six-month period ended January 30, 1998, increased 20% compared to the six-month period ended January 31, 1997. Same store restaurant sales increased 3.0% and same store retail sales increased 5.5%, for a total same store sales (restaurant and retail) increase of 3.6%. Same store restaurant sales increased primarily due to an effective 2.6% menu price increase throughout the six-month period and above normal temperatures in several of our core markets during the month of January which improved customer traffic. Same store retail sales increased primarily due to an improved assortment of retail items in the stores and customer count increases in the restaurants. New stores accounted for the balance of the six-month period net sales increase.

Cost of Goods Sold

Cost of goods sold as a percentage of net sales for the second quarter of fiscal 1998 decreased to 36.3% from 36.5% in the second quarter of last year. This decrease was primarily due to improved initial mark-ons for retail merchandise, partially offset by an increasing mix of retail sales which have a higher cost of goods than restaurant sales.

Cost of goods sold as a percentage of net sales for the six-month period ended January 30, 1998 decreased to 35.2% from 35.5% for the six-month period ended January 31, 1997. This decrease was primarily due to improved initial mark-ons for retail merchandise and decreases in dairy and hog complex prices from prior year levels, partially offset by an increasing mix of retail sales which have a higher cost of goods than restaurant sales.

Labor and Related Expenses

Labor and related expenses include all direct and indirect labor and related costs incurred in store operations. Labor and related expenses as a percentage of net sales decreased to 33.1% in the second quarter this year from 33.3% last year. This decrease was primarily due to the lower incremental labor expenses resulting from opening eight stores in the second quarter of fiscal 1998 as compared to 16 stores opened in the second quarter of fiscal 1997.

Additionally, this decrease was benefited by the net improvement in store-level, hourly labor, resulting from enhanced operational productivity, partially offset by store-level, hourly wage inflation of approximately 3%. These decreases were partially offset by higher bonus payouts under the store-level bonus program instituted in fiscal 1997.

Labor and related expenses as a percentage of net sales remained unchanged at 33.5% in the six-month period ended January 30, 1998 as compared to the six-month period ended January 31, 1997. Higher bonus payouts under the store-level bonus program instituted in fiscal 1997 increased labor and related expenses. This increase was offset by the lower incremental labor expenses resulting from opening 20 stores in the first six months of fiscal 1998 as compared to 26 stores opened in the same period a year ago and the net improvement in store-level, hourly labor, resulting from enhanced operational productivity, partially offset by store-level, hourly wage inflation of approximately 3%.

Other Store Operating Expenses

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 increased to 15.4% in the second quarter of fiscal 1998 from 15.3% in the second quarter of last year. The primary reason for the increase was the incremental advertising expense resulting from increased general advertising and the rollout of the Cracker Barrel Old Country Store Neighborhood Program. Additionally, other store operating expenses increased due to the incremental depreciation associated with the new point-of-sale system in the stores. These increases were partially offset by the lower incremental other store operating expenses resulting from opening eight stores in the second quarter of fiscal 1998 as compared to 16 stores opened in the second quarter of fiscal 1997.

Other store operating expenses as a percentage of net sales increased to 15.2% in the six-month period ended January 30, 1998 from 15.0% in the six-month period ended January 31, 1997. The primary reason for the increase was the incremental advertising expense resulting from increased general advertising and the rollout of the Cracker Barrel Old Country Store Neighborhood Program. Additionally, other store operating expenses increased due to the incremental depreciation associated with the new point-of-sale system in the stores and the loss on disposal of surplus property in the first quarter of fiscal 1998.

General and Administrative Expenses

General and administrative expenses as a percentage of net sales decreased to 5.2% in the second quarter of fiscal 1998 from 5.5% in the second quarter of last year. General and administrative expenses as a percentage of net sales decreased to 5.1% in the six-month period ended January 30, 1998 from 5.5% in the six-month period ended January 31, 1997. The primary reason for these decreases was increased sales volume as compared to the same periods last year.

Interest Expense

Interest expense increased to $838 in the second quarter of fiscal 1998 from $358 in the second quarter of last year. Interest expense increased to $1,898 in the six-month period ended January 30, 1998 from $358 in the six-month period ended January 31, 1997. These increases were primarily due to the Company drawing on a $50,000 term loan on December 2, 1996.

Interest Income

Interest income increased to $697 in the second quarter of fiscal 1998 from $523 in the second quarter of last year. Interest income increased to $1,517 in the six-month period ended January 30, 1998 from $887 in the six-month period ended January 31, 1997. These increases were primarily due to higher average funds available for investment.

Recent Accounting Pronouncements Not Yet Adopted

In June 1997, SFAS No. 130, "Reporting Comprehensive Income," was issued. SFAS No. 130 specifies how to report and display comprehensive income and its components. This statement is effective for fiscal years beginning after December 15, 1997, with restatement of all prior periods shown. The Company will adopt SFAS No. 130 in the first quarter of fiscal 1999. In June 1997, SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," was issued. SFAS No. 131 requires the disclosure of certain information about operating segments in the financial statements. This statement is effective for fiscal years beginning after December 15, 1997, with restatement of all prior periods shown if not impracticable to do so. The Company will adopt SFAS No. 131 in the first quarter of fiscal 1999. The Company does not expect the adoption of SFAS Nos. 130 or 131 to have a material effect on the Company's consolidated financial statements.

Liquidity and Capital Resources

The Company's operating activities provided net cash of $76,828 for the six-month period ended January 30, 1998. Most of this cash was provided by net income adjusted by depreciation and amortization and by decreases in inventories.

Capital expenditures were $89,381 for the six-month period ended January 30, 1998. Land purchases and the construction of new stores accounted for substantially all of these expenditures. Capitalized interest decreased to $599 and $986 for the quarter and six-month period ended January 30, 1998, respectively, as compared to $715 and $354 for the quarter and six-month period ended January 31, 1997, respectively. These decreases were primarily due to the timing of new store construction in fiscal 1998 as compared to the same period a year ago.

The Company's internally generated cash and short-term investments were sufficient to finance all of its growth in the first six months of fiscal 1998.

The Company estimates that its capital expenditures for fiscal 1998 will be approximately $190,000, substantially all of which will be land purchases and the construction of new stores. On December 2, 1996 the Company received the proceeds from a $50,000 5-year term loan bearing interest at a three-month LIBOR-based rate ("London Interbank Offered Rate"). Concurrently, the Company entered into a swap agreement with a bank to fix the interest rate at 6.36% for the life of the term loan. This $50,000 term loan is part of a $125,000 bank credit facility that also includes a $75,000 revolver. Management believes that cash at January 30, 1998, along with cash generated from the Company's operating activities, will be sufficient to finance its continued expansion plans through fiscal 1999.

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
Cracker Barrel Old Country Store, Inc.
Lebanon, Tennessee

We have reviewed the accompanying condensed consolidated balance sheet of Cracker Barrel Old Country Store, Inc. as of January 30, 1998, and the related condensed consolidated statements of income and cash flows for the quarters and six-month periods ended January 30, 1998 and January 31, 1997. 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 consolidated 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 consolidated balance sheet of Cracker Barrel Old Country Store, Inc. as of August 1, 1997, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated September 9, 1997, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of August 1, 1997 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

DELOITTE & TOUCHE LLP

Nashville, Tennessee
March 12, 1998

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 25, 1997.

(b) Election of Directors: Reported in the Registrant's Form 10-Q quarterly report for the period ended October 31, 1997.

(c) Other Matters: Reported in the Registrant's Form 10-Q quarterly report for the period ended October 31, 1997.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed pursuant to Item 601 of Regulation S-K

(15)Letter regarding unaudited financial information.

(b) No reports on Form 8-K have been filed during the quarter for which this report is filed.

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: 3/12/98 By /s/Michael A. Woodhouse
Michael A. Woodhouse, Chief Financial Officer

Date: 3/12/98 By /s/Patrick A. Scruggs
Patrick A. Scruggs, Assistant Treasurer

March 12, 1998

Cracker Barrel Old Country Store, Inc.
Hartmann Drive
Lebanon, Tennessee 37088-0787

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 and six-month periods ended January 30, 1998 and January 31, 1997, as indicated in our report dated March 12, 1998; 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 January 30, 1998, is incorporated by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567, 33-45482 and 333-01465 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

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENT OF CRACKER BARREL OLD COUNTRY STORE, INC. AND SUBSIDIARIES FOR THE SIX MONTHS ENDED JANUARY 30, 1998, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.

1,000

6-MOS
JUL-31-1998
AUG-2-1997
JAN-30-1998
66,460
0
3,752
0
65,010
138,870
915,998
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88,757
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