

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 Quarter Ended April 29, 1994

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_

Shares of Common Stock
Issued and Outstanding 59,876,561

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PART I

Item 1. Financial Statements

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED BALANCE SHEETS	(Unaudited) April 29,	1994	(Audited) July 30,	1993
-----	----		----	
ASSETS				
Cash and cash equivalents	\$ 11,314,999		\$ 38,552,111	
Short-term investments	64,158,120		65,094,791	
Receivables	1,864,948		2,436,918	
Inventories	36,668,437		28,426,408	
Prepaid expenses	192,557		832,262	
Deferred income taxes	4,014,475		--	
Total current assets	118,213,536		135,342,490	
Property and equipment	431,480,033		362,587,593	
Accumulated depreciation and amortization	72,979,781		56,991,727	
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Property and equipment-net	358,500,252	305,595,866
	-----	-----
Long-term investments	22,652,801	27,421,378
	-----	-----
Other assets	572,880	712,783
	-----	-----
Total assets	\$499,939,469	\$469,072,517
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable	\$ 21,466,713	\$ 23,137,298
Other current liabilities	38,142,425	36,089,916
	-----	-----
Total current liabilities	59,609,138	59,227,214
	-----	-----
Long-term debt	23,500,000	36,575,799
	-----	-----
Capital lease obligations	1,742,703	1,801,900
	-----	-----
Deferred income taxes	7,859,144	4,682,931
	-----	-----
Stockholders' equity:		
Common stock	29,936,606	29,785,234
Capital in excess of par value	192,251,661	187,929,934
Retained earnings	185,040,217	149,069,505
	-----	-----
Total stockholders' equity	407,228,484	366,784,673
	-----	-----
Total liabilities and stockholders' equity	\$499,939,469	\$469,072,517
	=====	=====

Note: The balance sheet as of July 30, 1993 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	
	April 29, 1994	April 30, 1993
Net sales	\$155,368,895	\$125,151,916
Cost of goods sold	50,758,879	40,518,184
Gross profit on sales	104,610,016	84,633,732
Expenses:		
Store operations	75,310,682	61,082,263
General and administrative	9,368,754	7,500,443
Total expenses	84,679,436	68,582,706
Operating income	19,930,580	16,051,026
Interest expense	429,275	803,430
Interest income	719,853	837,073
Income before income taxes and cumulative effect of change in accounting principle	20,221,158	16,084,669
Provision for income taxes	7,623,377	6,015,666
Income before cumulative effect of change in accounting principle	12,597,781	10,069,003
Cumulative effect on prior years of changing method of accounting for income taxes	--	--
Net income	<u>\$ 12,597,781</u>	<u>\$ 10,069,003</u>
Earnings per share:		
Before cumulative effect of change in accounting principle	\$.21	\$.17
Cumulative effect on prior years of changing method of accounting for income taxes	--	--
Net earnings per share	<u>\$.21</u>	<u>\$.17</u>
Average common and common equivalent shares outstanding	60,730,647	60,323,795
Dividends per common share	<u>\$ 0.005</u>	<u>\$ 0.005</u>

See notes to financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED STATEMENTS OF INCOME (UNAUDITED)

	For the Nine Months Ended	
	April 29, 1994	April 30, 1993
Net sales	\$458,699,470	\$367,707,396
Cost of goods sold	155,208,363	122,732,485
Gross profit on sales	303,491,107	244,974,911
Expenses:		
Store operations	218,829,289	176,997,644
General and administrative	27,935,491	22,730,174
Total expenses	246,764,780	199,727,818
Operating income	56,726,327	45,247,093
Interest expense	1,802,995	2,381,713
Interest income	2,665,909	1,630,289
Income before income taxes and cumulative effect of change in accounting principle	57,589,241	44,495,669
Provision for income taxes	21,711,144	16,641,380
Income before cumulative effect of change in accounting principle	35,878,097	27,854,289
Cumulative effect on prior years of changing method of accounting for income taxes	988,262	--
Net income	\$ 36,866,359	\$ 27,854,289
Earnings per share:		
Before cumulative effect of change in accounting principle	\$.59	\$.48
Cumulative effect on prior years of changing method of accounting for income taxes	.02	--
Net earnings per share	\$.61	\$.48
Average common and common equivalent shares outstanding	60,604,140	58,228,840
Dividends per common share	\$ 0.015	\$ 0.013

See notes to financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended	
	April 29, 1994	April 30, 1993
	----	----
Cash flows from operating activities:		
Net income	\$ 36,866,359	\$ 27,854,289
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	16,160,577	12,122,910
Loss on disposition of property and equipment	21,766	2,698
Increase in inventories	(8,242,029)	(2,007,084)
Decrease in other assets	139,903	27,761
(Decrease)increase in accounts payable	(1,670,585)	1,246,758
Increase(decrease)in other current assets and liabilities	3,586,340	(3,090,534)
(Decrease)increase in deferred income taxes	(838,262)	150,000
	-----	-----
Net cash provided by operating activities	46,024,069	36,306,798
	-----	-----
Cash flows from investing activities:		
Decrease(increase) in short-term and long-term investments	5,705,248	(55,094,033)
Purchase of property and equipment	(69,160,849)	(58,148,551)
Proceeds from sale of property and equipment	74,120	36,918
	-----	-----
Net cash used in investing activities	(63,381,481)	(113,205,666)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of capital stock	--	69,501,753
Proceeds from exercise of stock options	4,473,099	25,127,946
Principal payments under long-term debt and capital lease obligations	(13,457,152)	(2,231,773)
Dividends on common stock	(895,647)	(760,730)
	-----	-----
Net cash (used in) provided by financing activities	(9,879,700)	91,637,196
	-----	-----
Net (decrease)increase in cash and cash equivalents	(27,237,112)	14,738,328
Cash and cash equivalents, beginning of year	38,552,111	12,951,661
	-----	-----
Cash and cash equivalents, end of quarter	\$ 11,314,999	\$ 27,689,989
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the nine months for:		
Interest	\$ 2,260,533	\$ 2,022,549
Income taxes	19,989,599	9,038,849

See notes to financial statements.

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Condensed Financial Statements

The condensed balance sheet as of April 29, 1994 and the related condensed statements of income and cash flows for the quarters and nine-month periods ended April 29, 1994 and April 30, 1993, have been prepared by the Company, without audit; in the opinion of management, all adjustments, including normal recurring accruals, have been made for a fair presentation of such condensed financial statements.

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 30, 1993.

Deloitte & Touche, 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. Long Term Debt

The Company elected to prepay the following two outstanding debt issues during the second quarter of fiscal year 1994, unsecured notes payable of \$6,800,000 and Industrial Development Revenue Bonds of \$3,465,000. The unsecured notes payable of \$6,800,000 had annual installments of \$800,000 through 1999, and a final installment due August 5, 2000. The annual interest rate on the notes was 9.5% through 1997 and thereafter at a rate equal to the U.S. Treasury Note rate plus 1.2%. The \$3,465,000 Industrial Development Revenue Bonds were redeemable in annual installments of \$700,000 from December 1, 2009 through December 1, 2012, with a final installment due on December 1, 2013, with interest at an annual rate of 8.5%.

3. Income Taxes

The provision for income taxes for the quarter and nine-month period ended April 29, 1994 has been computed based on management's estimate of the tax rate for the entire fiscal year. The variation between the statutory tax rate and the effective tax rate is due primarily to credits for FICA tax on tips above minimum wage and targeted jobs tax credits.

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", effective July 31, 1993. This Statement supersedes Accounting Principles Board Opinion No. 11, "Accounting for Income Taxes", which was the Company's prior method of accounting for income taxes. The cumulative effect of adopting SFAS No. 109 on the Company's financial statements increased income by \$988,262 (\$0.02 per share), for the nine months ended April 29, 1994. The adjustment primarily represents the impact of adjusting deferred taxes to new rates as opposed to the higher tax rates in effect when the deferred taxes originated.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's net deferred tax liability as of July 31, 1993 were as follows:

Deferred tax assets:

Financial accruals without economic performance	\$ 3,778,730
Other	797,357

	4,576,087

Deferred tax liabilities:

Excess tax depreciation over book	8,235,680
Other	35,076

	8,270,756

Net deferred tax liability	\$(3,694,669)
	=====

The Company provided no valuation allowance against deferred tax assets recorded as of July 31, 1993 and April 29, 1994, as the "more-likely-than-not" valuation method determined all deferred assets to be fully realizable in future taxable periods.

The provision for income tax expense for the nine months ended April 29, 1994 was \$21,711,144 of which \$21,561,144 is current income tax expense and \$150,000 is deferred income tax expense. The Company's effective tax rate for fiscal year 1994 is estimated to be 37.7%.

The provision for income tax expense for the nine months ended April 30, 1993 was \$16,641,380 of which \$16,491,380 was current income tax expense and \$150,000 was deferred income tax expense.

The Company's effective tax rate for fiscal year 1993 was 37.4%. The adoption of SFAS No. 109 had no impact on the Company's effective tax rate for fiscal years 1993 or 1994.

4. 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 nine-month period ended April 29, 1994 cannot be considered indicative of the operating results for the full year.

5. Reclassifications

Certain reclassifications have been made in the April 30, 1993 and July 31, 1992 condensed balance sheets to conform to the classifications used in fiscal 1994 and in the 1993 annual report for the purpose of preparing the April 30, 1993 condensed statement of cash flows.

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 third quarter of fiscal 1994 as compared to the fiscal 1993 third quarter:

	Relationship to Net Sales Quarters Ended		Period to Period Increase(Decrease)
	04/29/94 -----	04/30/93 -----	
Net sales:			
Restaurant	80.4%	81.0%	23%
Gift shop	19.6%	19.0%	28%
	-----	-----	
Total sales	100.0%	100.0%	24%
Cost of goods sold	32.7%	32.4%	25%
Expenses:			
Store operations	48.5%	48.8%	23%
General and administrative	6.0%	6.0%	25%
Total expenses	54.5%	54.8%	23%
Operating income	12.8%	12.8%	24%
Interest expense	0.3%	0.6%	(47%)
Interest income	0.5%	0.7%	(14%)
Income before income taxes and cumulative effect of change in accounting principle	13.0%	12.9%	26%
Provision for income taxes	4.9%	4.8%	27%
Income before cumulative effect of change in accounting principle	8.1%	8.0%	25%
Cumulative effect on prior years of changing method of accounting for income taxes	--	--	--
Net income	8.1%	8.0%	25%

	Same Store Sales Analysis 127 Store Average (\$000)		
	-----	-----	
Restaurant	\$726.5	\$697.4	4%
Gift shop	174.9	162.9	7%
	-----	-----	
Restaurant & gift shop	\$901.4 =====	\$860.3 =====	5%

The following table highlights operating results for the nine months ended April 29, 1994 as compared to the same period last year.

	Relationship to Net Sales Year to Date		Period to Period Increase(Decrease)
	04/29/94	04/30/93	
Net sales:			
Restaurant	77.9%	78.5%	24%
Gift shop	22.1%	21.5%	28%
	-----	-----	
Total sales	100.0%	100.0%	25%
Cost of goods sold	33.8%	33.4%	26%
Expenses:			
Store operations	47.7%	48.1%	24%
General and administrative	6.1%	6.2%	23%
Total expenses	53.8%	54.3%	24%
Operating income	12.4%	12.3%	25%
Interest expense	0.4%	0.6%	(24%)
Interest income	0.6%	0.4%	64%
Income before income taxes and cumulative effect of change in accounting principle	12.6%	12.1%	29%
Provision for income taxes	4.7%	4.5%	30%
Income before cumulative effect of change in accounting principle	7.8%	7.6%	29%
Cumulative effect on prior years of changing method of accounting for income taxes	.2%	--	--
Net income	8.0%	7.6%	32%

	Same Store Sales Analysis 127 Store Average (\$000)		
	04/29/94	04/30/93	
Restaurant	\$2,166.4	\$2,082.6	4%
Gift shop	609.6	569.0	7%
	-----	-----	
Restaurant & gift shop	\$2,776.0	\$2,651.6	5%
	=====	=====	

Net sales for the third quarter of fiscal 1994 increased 24% over third quarter 1993. Same store restaurant sales increased 4.2%, including 1.1% in real terms; and same store gift shop sales increased 7.4%. Sales from new stores accounted for the remainder of the increase. Net sales for the nine months ended April 29, 1994, increased 25% over the same period in 1993. Same store restaurant sales increased 4.0%, including 0.9% in real terms; and same store gift shop sales increased 7.1%. Sales from new stores accounted for the remainder of the increase.

Cost of goods sold as a percentage of net sales were 32.7% in the third quarter of this year compared to 32.4% in the same period last year. This increase was primarily due to an increasing mix of gift shop sales, which have a higher cost than restaurant sales. For the nine months ended April 29, 1994, cost of goods sold were 33.8% compared to 33.4% for the same period a year ago. This increase was primarily due to both an increasing mix of gift shop sales, which have a higher cost than restaurant sales, and due to an increase in food cost.

Total operating expenses as a percentage of net sales were 54.5% and 53.8% in the quarter and nine month period ended April 29, 1994, compared to 54.8% and 54.3%, respectively, in the same periods a year ago. The decreases in store operating expenses as a percent of net sales were primarily due to lower workers' compensation insurance expenses as a result of various safety programs instituted in the stores. General and administrative expenses as a percentage of sales were unchanged this year compared to the third quarter of last year. General and administrative expenses for the nine months ended April 29, 1994, as a percentage of sales were lower than last year primarily due to higher volume.

Interest expense decreased to \$429,275 and \$1,802,995 for the quarter and nine month period ended April 29, 1994, from \$803,430 and \$2,381,713, respectively, in the same periods a year ago. The decreases were primarily due to lower average debt outstanding during the quarter and nine month period ended April 29, 1994. For the quarter ended April 29, 1994, interest income decreased to \$719,853 from \$837,073 last year. This decrease was primarily due to a lower amount of invested funds this year compared to last year. For the nine months ended April 29, 1994, interest income increased to \$2,665,909 from \$1,630,289 last year. The primary reason for the increase in interest income was higher average funds available for investment this year compared to last year.

Liquidity and Capital Resources

The Company's operating activities provided net cash of \$46.0 million for the nine months ended April 29, 1994. Net income adjusted by depreciation and amortization provided most of the cash. Increases in inventories and decreases in accounts payable partially offset increases in other current assets and liabilities and the cash provided by net income adjusted by depreciation and amortization.

Capital expenditures were \$22.5 million in the third quarter of fiscal 1994 and \$69.2 million for the nine months ended April 29, 1994. Land purchases and cost of new stores accounted for substantially all of these expenditures. The gift shop warehouse expansion capital expenditures were \$3.4 million for the nine month period ended April 29, 1994.

The Company's internally generated cash and short-term and long-term investments were sufficient to finance all of its growth in the first nine months of fiscal 1994.

The Company estimates that its capital expenditures for fiscal 1994 will be approximately \$100 million, substantially all of which will be land purchases and cost of new stores, except for \$4 million relating to the gift shop warehouse expansion. Management believes that cash and short-term and long-term investments at April 29, 1994, along with cash generated from the Company's operating activities, will be sufficient to finance its continued expansion in fiscal 1994 and its continued expansion plans through 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 made a review of the condensed balance sheet of Cracker Barrel Old Country Store, Inc. as of April 29, 1994, and the related condensed statements of income and cash flows for the quarters and nine-month periods ended April 29, 1994 and April 30, 1993, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and 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 30, 1993, 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 10, 1993, 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 30, 1993 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

DELOITTE & TOUCHE

June 8, 1994

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 23, 1993.

B. Election of Directors: Previously reported.

C. Other matters: Previously reported.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

Letter regarding unaudited financial information.

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 8, 1994 By /s/Jimmie D. White

Jimmie D. White, Chief Financial Officer

Date: June 8, 1994 By /s/Patrick A. Scruggs

Patrick A. Scruggs, Assistant Treasurer

June 8, 1994

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 nine-month periods ended April 29, 1994 and April 30, 1993, as indicated in our report dated June 8, 1994; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which was included in your Quarterly Report on Form 10-Q for the quarter ended April 29, 1994, 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

Nashville, Tennessee