

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 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_

59,945,261 Shares of Common Stock
Issued and Outstanding

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PART I

Item 1. Financial Statements

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED BALANCE SHEETS	(Unaudited) January 27, 1995	(Audited) July 29, 1994
-----	-----	-----
ASSETS		

Cash and cash equivalents	\$ 7,150,552	\$ 13,050,523
Short-term investments	42,665,158	65,530,819
Receivables	1,766,331	2,993,735
Inventories	42,204,183	41,989,546
Prepaid expenses	531,776	1,094,862
Deferred income taxes	3,220,016	3,220,016
	-----	-----
Total current assets	97,538,016	127,879,501
	-----	-----
Property and equipment	518,348,535	460,134,481
Accumulated depreciation and amortization	87,381,922	74,174,676
	-----	-----
Property and equipment-net	430,966,613	385,959,805
	-----	-----
Long-term investments	14,374,629	15,690,799
	-----	-----
Other assets	589,802	533,622

Total assets	\$543,469,060	\$530,063,727
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

Accounts payable	\$ 21,938,043	\$ 25,766,024
Other current liabilities	34,999,799	41,391,982
	-----	-----
Total current liabilities	56,937,842	67,158,006
	-----	-----
Long-term debt	19,500,000	23,500,000
	-----	-----
Capital lease obligations	1,661,728	1,708,619
	-----	-----
Deferred income taxes	7,851,185	7,851,185
	-----	-----
Stockholders' equity:		
Common stock	29,961,403	29,950,658
Additional paid-in capital	194,412,405	194,073,393
Retained earnings	233,144,497	205,821,866
	-----	-----
Total stockholders' equity	457,518,305	429,845,917
	-----	-----
Total liabilities and stockholders' equity	\$543,469,060	\$530,063,727
	=====	=====

Note: The balance sheet as of July 29, 1994 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	
	January 27, 1995	January 28, 1994
	----	----
Net sales	\$188,622,981	\$150,831,678
Cost of goods sold	68,149,041	54,056,184
	-----	-----
Gross profit on sales	120,473,940	96,775,494
	-----	-----
Expenses:		
Store operations	90,003,682	71,748,488
General and administrative	11,470,360	9,256,389
	-----	-----
Total expenses	101,474,042	81,004,877
	-----	-----
Operating income	18,999,898	15,770,617
Interest expense	277,447	751,538
Interest income	868,218	892,543
	-----	-----
Income before income taxes and cumulative effect of change in accounting principle	19,590,669	15,911,622
Provision for income taxes	7,268,138	5,998,681
	-----	-----
Income before cumulative effect of change in accounting principle	12,322,531	9,912,941
Cumulative effect on prior years of changing method of accounting for income taxes	--	--
	-----	-----
Net income	\$ 12,322,531	\$ 9,912,941
	=====	=====
Earnings per share:		
Before cumulative effect of change in accounting principle	\$.20	\$.16
Cumulative effect on prior years of changing method of accounting for income taxes	--	--
	-----	-----
Net earnings per share	\$.20	\$.16
	=====	=====
Average common and common equivalent shares outstanding	60,487,373	60,621,566
	=====	=====
Dividends per common share	\$ 0.00500	\$ 0.00500
	=====	=====

See notes to financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED STATEMENTS OF INCOME (UNAUDITED)

	For the Six Months Ended	
	January 27, 1995 ----	January 28, 1994 ----
Net sales	\$373,570,682	\$303,330,575
Cost of goods sold	129,538,979	104,449,484
	-----	-----
Gross profit on sales	244,031,703	198,881,091
	-----	-----
Expenses:		
Store operations	177,933,091	143,518,607
General and administrative	22,933,298	18,566,737
	-----	-----
Total expenses	200,866,389	162,085,344
	-----	-----
Operating income	43,165,314	36,795,747
Interest expense	522,406	1,373,720
Interest income	1,747,898	1,946,056
	-----	-----
Income before income taxes and cumulative effect of change in accounting principle	44,390,806	37,368,083
Provision for income taxes	16,468,989	14,087,767
	-----	-----
Income before cumulative effect of change in accounting principle	27,921,817	23,280,316
Cumulative effect on prior years of changing method of accounting for income taxes	--	988,262
	-----	-----
Net income	\$ 27,921,817	\$ 24,268,578
	=====	=====
Earnings per share:		
Before cumulative effect of change in accounting principle	\$.46	\$.38
Cumulative effect on prior years of changing method of accounting for income taxes	--	.02
	-----	-----
Net earnings per share	\$.46	\$.40
	=====	=====
Average common and common equivalent shares outstanding	60,539,765	60,540,887
	=====	=====
Dividends per common share	\$ 0.01000	\$ 0.01000
	=====	=====

See notes to financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Six Months Ended	
	January 27, 1995	January 28, 1994
	----	----
Cash flows from operating activities:		
Net income	\$27,921,817	\$24,268,578
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	13,349,858	10,456,295
(Gain)loss on disposition of property and equipment	(90,865)	9,879
Increase in inventories	(214,637)	(4,039,287)
(Increase)decrease in other assets	(56,180)	186,557
Decrease in accounts payable	(3,827,981)	(6,227,487)
Decrease in other current assets and liabilities	(5,101,693)	(2,936,727)
Decrease in deferred income taxes	--	(888,262)
Net cash provided by operating activities	31,980,319	20,829,546
Cash flows from investing activities:		
Decrease in short-term and long-term investments	24,181,831	13,436,635
Purchase of property and equipment	(59,110,681)	(46,715,632)
Proceeds from sale of property and equipment	844,880	56,759
Net cash used in investing activities	(34,083,970)	(33,222,238)
Cash flows from financing activities:		
Proceeds from exercise of stock options	349,757	3,447,009
Principal payments under long-term debt and capital lease obligations	(3,546,891)	(13,437,253)
Dividends on common stock	(599,186)	(596,450)
Net cash used in financing activities	(3,796,320)	(10,586,694)
Net decrease in cash and cash equivalents	(5,899,971)	(22,979,386)
Cash and cash equivalents, beginning of year	13,050,523	38,552,111
Cash and cash equivalents, end of quarter	\$ 7,150,552 =====	\$15,572,725 =====
Supplemental disclosures of cash flow information:		
Cash paid during the six months for:		
Interest	\$ 1,372,980	\$ 2,221,856
Income taxes	23,433,941	15,057,919

See notes to financial statements.

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Condensed Financial Statements

The condensed balance sheet as of January 27, 1995 and the related condensed statements of income and cash flows for the quarters and six-month periods ended January 27, 1995 and January 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 29, 1994.

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 and six-month period ended January 27, 1995 has been computed based on management's estimate of the tax rate for the entire fiscal year of 37.1%. 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, targeted jobs tax credits and non-taxable interest income.

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 27, 1995 cannot be considered indicative of the operating results for the full fiscal year.

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 second quarter of fiscal 1995 as compared to the fiscal 1994 second quarter:

	Relationship to Net Sales Quarters Ended		Period to Period Increase(Decrease)
	01/27/95	01/28/94	
Net sales:			
Restaurant	73.3%	74.0%	24%
Gift shop	26.7%	26.0%	28%
Total sales	100.0%	100.0%	25%
Cost of goods sold	36.1%	35.8%	26%
Expenses:			
Store operations	47.7%	47.6%	25%
General and administrative	6.1%	6.1%	24%
Total expenses	53.8%	53.7%	25%
Operating income	10.1%	10.5%	20%
Interest expense	0.1%	0.5%	(63%)
Interest income	0.5%	0.6%	(3%)
Income before income taxes and cumulative effect of change in accounting principle	10.4%	10.5%	23%
Provision for income taxes	3.9%	4.0%	21%
Income before cumulative effect of change in accounting principle	6.5%	6.6%	24%
Cumulative effect on prior years of changing method of accounting for income taxes	--	--	--
Net income	6.5%	6.6%	24%

	Same Store Sales Analysis 152 Store Average (\$000)		
	01/27/95	01/28/94	Change
Restaurant	\$706.0	\$669.2	6%
Gift shop	252.1	233.2	8%
Restaurant & gift shop	\$958.1	\$902.4	6%

The following table highlights operating results for the six months ended January 27, 1995 as compared to the same period last year:

	Relationship to Net Sales Year to Date		Period to Period Increase(Decrease)
	01/27/95	01/28/94	
	-----	-----	-----
Net sales:			
Restaurant	76.0%	76.6%	22%
Gift shop	24.0%	23.4%	26%
	-----	-----	
Total sales	100.0%	100.0%	23%
Cost of goods sold	34.7%	34.4%	24%
Expenses:			
Store operations	47.6%	47.3%	24%
General and administrative	6.1%	6.1%	24%
	-----	-----	
Total expenses	53.8%	53.4%	24%
Operating income	11.6%	12.1%	17%
Interest expense	0.1%	0.5%	(62%)
Interest income	0.5%	0.6%	(10%)
Income before income taxes and cumulative effect of change in accounting principle	11.9%	12.3%	19%
Provision for income taxes	4.4%	4.6%	17%
Income before cumulative effect of change in accounting principle	7.5%	7.7%	20%
Cumulative effect on prior years of changing method of accounting for income taxes	--	0.3%	(100%)
Net income	7.5%	8.0%	15%

	Same Store Sales Analysis 152 Store Average (\$000)		
	-----	-----	
Restaurant	\$1,484.6	\$1,427.8	4%
Gift shop	462.1	433.0	7%
	-----	-----	
Restaurant & gift shop	\$1,946.7	\$1,860.8	5%
	=====	=====	

Net sales for the second quarter of fiscal 1995 increased 25% over last year's second quarter. Same store restaurant sales increased 5.5%, including 2.1% in real terms. Same store gift shop sales increased 8.1%. Total same store sales (restaurant and gift shop) increased 6.2%. Net sales for the six months ended January 27, 1995, increased 23% over the six-month period ended January 28, 1994. Same store restaurant sales increased 4.0%, including .6% in real terms and same store gift shop sales increased 6.7%. Total same store sales (restaurant and gift shop) increased 4.6%. Sales from new stores accounted for the remainder of the increase.

Cost of goods sold as a percentage of net sales was 36.1% in the second quarter of this year compared to 35.8% in the second quarter of last year. For the six months ended January 27, 1995, cost of goods sold as a percentage of net sales was 34.7% compared to 34.4% for the same period a year ago. There were two primary reasons for the increases in the quarter and six months ended January 27, 1995. First, gift shop cost of goods sold was higher than last year primarily due to higher markdowns to move out seasonal merchandise. Secondly, the mix of gift shop sales increased from 26.0% last year to 26.7% this year and 23.4% last year to 24.0% this year for the quarter and six months, respectively; gift shop items carry a higher cost of goods, and therefore, caused total cost of goods sold as a percentage of net sales to increase. These increases were partially offset by a decrease in restaurant cost of goods sold as a percentage of net sales for the quarter and six-month periods primarily due to higher menu prices.

Total operating expenses as a percentage of net sales were 53.8% in the quarter and six-month period ended January 27, 1995 compared to 53.7% and 53.4%, respectively, in the same periods a year ago. The primary reason for the increase in store operating expenses as a percent of net sales was an increase in labor costs due to the higher costs to hire and retain employees in certain markets as a result of low unemployment rates.

Interest expense decreased to \$277,447 and \$522,406 for the quarter and six-month period ended January 27, 1995 from \$751,538 and \$1,373,720, respectively, in the same periods a year ago. The decrease was due to lower average debt outstanding during the quarter and six-month period ended January 27, 1995. Interest income decreased to \$868,218 and \$1,747,898 in the quarter and six-month period ended January 27, 1995 from \$892,543 and \$1,946,056, respectively, in the same periods 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 1995.

Liquidity and Capital Resources

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The Company's operating activities provided net cash of \$32.0 million for the six months ended January 27, 1995. Net income adjusted by depreciation and amortization provided most of the cash. Decreases in accounts payable and decreases in other current assets and liabilities partially offset the cash provided by net income adjusted by depreciation and amortization.

Capital expenditures were \$29.7 million in the second quarter of fiscal 1995 and \$59.1 million for the six months ended January 27, 1995. Land purchases and cost of new stores accounted for substantially all of these expenditures, except for \$1.9 million in the second quarter of fiscal 1995 and \$3.6 million for the six months ended January 27, 1995 for the renovation of the old gift shop warehouse into office space.

The Company's internally generated cash and short-term and long-term investments were sufficient to finance all of its growth in the first six months of fiscal 1995.

The Company estimates that its capital expenditures for fiscal 1995 will be approximately \$120 million, substantially all of which will be land purchases and cost of new stores, except for \$6 million relating to the renovation of the old gift shop warehouse into office space. Management believes that cash and short-term and long-term investments at January 27, 1995, along with cash generated from the Company's operating activities, will be sufficient to finance its continued expansion in fiscal 1995 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 January 27, 1995, and the related condensed statements of income and cash flows for the quarters and six-month periods ended January 27, 1995 and January 28, 1994, 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 29, 1994, 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 7, 1994, 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 29, 1994 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 8, 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 22, 1994.

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.

March 8, 1995

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 27, 1995 and January 28, 1994, as indicated in our report dated March 8, 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 was included in your Quarterly Report on Form 10-Q for the quarter ended January 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 6 MONTHS ENDED JANUARY 27, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS	JUL -28-1995	JUL -30-1994	JAN -27-1995
			7,151
		42,665	
		1,766	
		0	
		42,204	
	97,538		518,349
		87,382	
		543,469	
56,938			19,500
			29,961
	0		0
			427,557
543,469			373,571
	373,571		129,539
		177,933	
		22,933	
		0	
		522	
		44,391	
		16,469	
27,922			0
		0	0
			27,922
		.46	
		.46	