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 May 2, 1997

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_

60,997,208 Shares of Common Stock
Issued and Outstanding

PART I

Item 1. Financial Statements

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

	May 2, 1997	August 2, 1996
ASSETS	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	$ 33,121	$ 28,971
Short-term investments	1,095	4,735
Receivables	3,824	2,803
Inventories	76,267	61,470
Prepaid expenses	4,073	1,485
Deferred income taxes	6,972	6,972
Total current assets	125,352	106,436
Property and equipment,net	657,160	568,573
Long-term investments	562	565
Other assets	954	805
Total assets	$784,028	$676,379

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 25,747	$ 30,565
Accrued expenses	55,121	48,452
Current portion of long-term debt	3,500	4,000
Current portion of capital lease obligations	130	130
Total current liabilities	84,498	83,147
Long-term debt	62,000	15,500
Capital lease obligations	1,370	1,468
Deferred income taxes	10,043	10,043
Stockholders' equity:		
Common stock - $.50 par value, authorized 150,000,000 shares, issued and outstanding 60,954,295 at May 2, 1997 and 60,594,353 at August 2, 1996	30,477	30,297
Additional paid-in capital	208,223	202,951
Retained earnings	387,417	332,973
Total stockholders' equity	626,117	566,221
Total liabilities and stockholders' equity	$784,028	$676,379

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 May 2, 1997	Quarter Ended April 26, 1996	Nine Months Ended May 2, 1997	Nine Months Ended April 26, 1996
Net sales:				
Restaurant	$216,355	$176,740	$613,620	$513,890
Retail	58,707	43,839	188,198	147,184
Total sales	275,062	220,579	801,818	661,074
Cost of goods sold	92,447	74,013	279,333	228,249
Gross profit on sales	182,615	146,566	522,485	432,825
Labor & related expenses	94,320	74,542	270,716	220,838
Other store operating expenses	40,491	32,956	119,525	100,383
General and administrative	14,904	13,279	44,011	39,523
Total expenses	149,715	120,777	434,252	360,744
Operating income	32,900	25,789	88,233	72,081
Interest expense	729	7	1,087	268
Interest income	501	429	1,387	1,703
Pretax income	32,672	26,211	88,533	73,516
Provision for income taxes	12,154	9,960	33,178	27,936
Net income	$ 20,518	$ 16,251	$ 55,355	$ 45,580
Earnings per share	$ .33	$ .27	$ .90	$ .75
Weighted average common shares and equivalents	61,630	60,858	61,331	60,703
Dividends per share	$ .005	$ .005	$ .015	$ .015

See notes to condensed consolidated financial statements.

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

	Nine Months Ended May 2, 1997	Nine Months Ended April 26, 1996
Cash flows from operating activities:		
Net income	$55,355	$45,580
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	27,995	23,816
Loss (gain) on disposition of property and equipment	23	(63)
Increase in inventories	(14,797)	(5,666)
Increase in other assets	(149)	(136)
Decrease in accounts payable	(4,818)	(5,994)
Decrease in other current assets and liabilities	3,060	3,510
Net cash provided by operating activities	66,669	61,047
Cash flows from investing activities:		
Purchase of investments	(603)	(4,011)
Proceeds from maturities of investments	4,246	11,979
Purchase of property and equipment	(117,946)	(93,261)
Proceeds from sale of property and equipment	1,341	891
Net cash used in investing activities	(112,962)	(84,402)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	50,000	--
Proceeds from exercise of stock options	5,452	3,892
Principal payments under long-term debt and capital lease obligations	(4,098)	(4,083)
Dividends on common stock	(911)	(905)
Net cash provided by (used in) financing activities	50,443	(1,096)
Net increase (decrease) in cash and cash equivalents	4,150	(24,451)
Cash and cash equivalents, beginning of period	28,971	48,124
Cash and cash equivalents, end of period	$33,121	$23,673
Supplemental disclosures of cash flow information:		
Cash paid during the nine months for:		
Interest	$ 1,783	$ 1,147
Income taxes	25,359	28,185

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 May 2, 1997 and the related condensed consolidated statements of income and cash flows for the quarters and nine-month periods ended May 2, 1997 and April 26, 1996, 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 financial statements and notes thereto contained in the Company's Annual Report for the year ended August 2, 1996.

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 nine-month period ended May 2, 1997 has been computed based on management's estimate of the tax rate for the entire fiscal year of 37.3%. 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 nine-month period ended April 26, 1996 and for the entire fiscal year of 1996 was 38.0%.

3. Accounting Pronouncements Adopted

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", effective August 3, 1996. SFAS No. 121 requires that upon adoption companies must review all their assets and determine under certain circumstances if an asset has been impaired, in which case the asset is written down to a new carrying amount that is less than the remaining cost and a loss is recognized. After adoption, companies must review assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Upon adoption and in subsequent quarters, the Company has reviewed all its assets as required by SFAS No. 121 and no loss was required to be recognized upon adoption or in subsequent quarters.

The Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation", effective August 3, 1996. SFAS No. 123 establishes a "fair value" based method for stock compensation plans. The Company has elected to continue to account for its stock-based employee compensation arrangements under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", as permitted by SFAS No. 123. However, the Company will comply with the disclosure requirements of SFAS No. 123 in its fiscal 1997 Annual Report.

In February 1997, SFAS No. 128, "Earnings per Share", was issued. This statement is effective for both interim and annual periods ending after December 15, 1997, with restatement of all prior periods shown. Earlier application is not permitted. The effective date of SFAS No. 128 for the Company is for the quarter and six-month period ending January 30, 1998. SFAS No. 128 specifies the computation, presentation and disclosure requirements for earnings per share. This statement will require the Company to present both a basic earnings per share and a diluted earnings per share. The concept of basic earnings per share does not include the impact of common stock equivalents, such as stock options. The Company believes that, upon adoption, diluted earnings per share will approximate earnings per share as previously reported and basic earnings per share will not be significantly higher than diluted earnings per share.

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 May 2, 1997 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 (In thousands)

Certain statements in Management's Discussion and Analysis constitute "forward looking statements" and involve known and unknown risks, uncertainties and other factors which may cause the actual performance or achievements of Cracker Barrel Old Country Store, Inc. to be materially different from those expressed or implied by such statements. Such factors include, among others; competition; success of operating initiatives; food costs, including but not limited to, hog complex and coffee prices; labor costs; advertising and promotional efforts; availability, locations and terms of sites for development; acceptance by new guests of the Cracker Barrel Old Country Store brand and concept as the Company continues to expand into new regions of the country; and other factors previously referenced in the Company's Securities and Exchange Commission filings, including but not limited to, the Company's Annual Report on Form 10-K for the fiscal year ended August 2, 1996. The success of the Company may also be affected by the manner in which it operates and develops its restaurant and retail stores and the possible development or acquisition of new concepts.

Results of Operations

The following table highlights operating results for the quarter and nine-month period ended May 2, 1997 as compared to the same periods a year ago:

	Quarter Ended		Nine Months Ended	
	May 2, 1997	April 26, 1996	May 2, 1997	April 26, 1996
Net sales:				
Restaurant	78.7%	80.1%	76.5%	77.7%
Retail	21.3	19.9	23.5	22.3
Total net sales	100.0	100.0	100.0	100.0
Cost of goods sold	33.6	33.6	34.8	34.5
Gross profit	66.4	66.4	65.2	65.5
Labor & related expenses	34.3	33.8	33.8	33.4
Other store operating expenses	14.7	14.9	14.9	15.2
General and administrative	5.4	6.0	5.5	6.0
Total expenses	54.4	54.7	54.2	54.6
Operating income	12.0	11.7	11.0	10.9
Interest expense	0.3	0.0	0.1	0.0
Interest income	0.2	0.2	0.2	0.3
Pretax income	11.9	11.9	11.1	11.2
Provision for income taxes	4.4	4.5	4.1	4.2
Net income	7.5%	7.4%	7.0%	7.0%

Same Store Sales Analysis
214 Store Average

	Quarter Ended		Nine Months Ended	
	May 2, 1997	April 26, 1996	May 2, 1997	April 26, 1996
Restaurant	$763.5	$733.8	$2,274.4	$2,210.0
Retail	204.5	182.0	691.1	633.9
Restaurant & retail	$968.0	$915.8	$2,965.5	$2,843.9

Same Store Sales Analysis
214 Store Average

	Comparable 13-Weeks Ended		Comparable 39-Weeks Ended	
	May 2, 1997	May 3, 1996	May 2, 1997	May 3, 1996
Restaurant	$763.5	$744.5	$2,274.4	$2,199.7
Retail	204.5	188.8	691.1	632.8
Restaurant & retail	$968.0	$933.3	$2,965.5	$2,832.5

Sales

Net sales for the third quarter of fiscal 1997 increased 25% compared to last year's third quarter. For the comparable 13-week period ended May 2, 1997, same store restaurant sales increased 2.5% and same store retail sales increased 8.3%, for a total same store sales (restaurant and retail) increase of 3.7%. Same store retail sales benefited from the introduction of a new Spring browsing book which had not been published previously. Sales from new stores and the effect of a one-week shift in comparable 13-week periods, accounted for the balance of the third quarter net sales increase. The third quarter of fiscal 1997 was the 13 weeks beginning February 1, 1997, and ending May 2, 1997. Last fiscal year the third quarter was the 13 weeks beginning January 27, 1996, and ending April 26, 1996. The two fiscal quarters do not cover the comparable 13-week periods because fiscal 1996 was a 53-week year.

Net sales for the nine-month period ended May 2, 1997, increased 21% compared to the nine-month period ended April 26, 1996. For the comparable 39-weeks ended May 2, 1997, same store restaurant sales increased 3.4% and same store retail sales increased 9.2%, for a total same store sales (restaurant and retail) increase of 4.7%. Sales from new stores partially offset by the effect of a one-week shift in comparable 39-week periods accounted for the balance of the nine-month period net sales increase. The nine-month period for fiscal 1997 was the 39 weeks beginning August 3, 1996 and ending May 2, 1997. The nine-month period for fiscal 1996 was the 39 weeks beginning July 29, 1995 and ending April 26, 1996.

Cost of Goods Sold

Cost of goods sold as a percentage of net sales for the third quarter of fiscal 1997 and the third quarter of last year was 33.6%. Cost of goods sold as a percentage of net sales remained unchanged, primarily due to an increasing mix of retail sales which have a higher cost of goods than restaurant sales offset by a significant reduction in the post-Easter markdowns of retail merchandise.

Cost of goods sold as a percentage of net sales for the nine-month period ended May 2, 1997 increased to 34.8% from 34.5% for the nine-month period ended April 26, 1996. This increase was primarily due to substantial increases in dairy and hog complex prices and due to an increasing mix of retail sales which have a higher cost of goods than restaurant sales. These increases were partially offset by significant reductions in post-Christmas and post-Easter markdowns of retail merchandise.

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 increased to 34.3% in the third quarter this year from 33.8% last year primarily resulting from the introduction of a new store-level bonus program. Additionally, labor and related expenses increased due to the incremental labor expenses resulting from opening fifteen new stores during the third quarter of fiscal 1997 compared to thirteen new stores opened in the third quarter last year. Such increases were partially offset by the net effect of reduced hourly labor costs resulting from enhanced operational productivity and sales increases, partially offset by wage inflation of approximately 2.9%.

Labor and related expenses as a percentage of net sales increased to 33.8% in the nine-month period ended May 2, 1997 from 33.4% in the nine-month period ended April 26, 1996. The increase primarily resulted from the introduction of a new store-level bonus program at the beginning of fiscal 1997.

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 decreased to 14.7% in the third quarter of fiscal 1997 from 14.9% in the third quarter of last year. The primary reason for the decrease was a decrease in operating supplies expense resulting from the return to paper napkins from linen napkins in the stores. This decrease was partially offset by the incremental operating expenses which resulted from opening fifteen new stores in the third quarter of fiscal 1997 as compared to only thirteen in the third quarter of last year.

Other store operating expenses as a percentage of net sales decreased to 14.9% in the nine-month period ended May 2, 1997 from 15.2% in the nine-month period ended April 26, 1996. The primary reason for the decrease was a decrease in operating supplies expense resulting from the return to paper napkins from linen napkins in the stores.

General and Administrative Expenses

General and administrative expenses as a percentage of net sales decreased to 5.4% in the third quarter of fiscal 1997 from 6.0% in the third quarter of last year. The primary reason for the decrease was increased sales volume as compared to the third quarter of last year.

General and administrative expenses as a percentage of net sales decreased to 5.5% in the nine-month period ended May 2, 1997 from 6.0% in the nine-month period ended April 26, 1996. The primary reason for the decrease was increased sales volume as compared to the same nine-month period last year.

Interest Expense

Interest expense increased to $729 in the third quarter of fiscal 1997 from $7 in the third quarter of last year. The increase resulted from the Company drawing on its $50,000 term loan on December 2, 1996, partially offset by increased capitalized interest during the quarter as a result of the increase in the number of new stores under construction as compared to last year.

Interest expense increased to $1,087 in the nine-month period ended May 2, 1997 from $268 in the nine-month period ended April 26, 1996. The increase resulted from the Company drawing on the $50,000 term loan on December 2, 1996, partially offset by increased capitalized interest during the nine-month period resulting from the increase in the number of new stores under construction as compared to last year.

Interest Income

Interest income increased to $501 in the third quarter of fiscal 1997 from $429 in the third quarter of last year. The decrease was primarily due to higher average funds available for investment.

Interest income decreased to $1,387 in the nine-month period ended May 2, 1997 from $1,703 in the nine-month period ended April 26, 1996. The decrease was primarily due to lower average funds available for investment.

Liquidity and Capital Resources

The Company's operating activities provided net cash of $66,669 for the nine-month period ended May 2, 1997. The cash provided by net income adjusted by depreciation and amortization was partially offset by increases in inventories and decreases in accounts payable.

Capital expenditures were $117,946 for the nine-month period ended May 2, 1997. Land purchases and the construction of new stores accounted for substantially all of these expenditures. Capitalized interest was $545 and $1,899 for the quarter and nine-month period ended May 2, 1997, respectively, as compared to $528 and $1,507 for the quarter and nine-month period ended April 26, 1996, respectively.

The Company's internally generated cash, short-term and long-term investments were not sufficient to finance all of its growth in the first nine months of fiscal 1997. As planned, the Company established a $50,000 term loan in the second quarter of fiscal 1997.

The Company estimates that its capital expenditures for fiscal 1997 will be approximately $170,000, 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, short-term and long-term investments at May 2, 1997, along with cash generated from the Company's operating activities, will be sufficient to finance its continued expansion plans into fiscal 1998. Further, the Company's available $75,000 revolver should be sufficient to provide the Company with the financial flexibility for 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 May 2, 1997, and the related condensed consolidated statements of income and cash flows for the quarters and nine-month periods ended May 2, 1997 and April 26, 1996. These consolidated 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 balance sheet of Cracker Barrel Old Country Store, Inc. as of August 2, 1996, 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 11, 1996, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of August 2, 1996 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

DELOITTE & TOUCHE LLP

Nashville, Tennessee
June 4, 1997

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 26, 1996.

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: 6/4/97 By /s/Michael A. Woodhouse
Michael A. Woodhouse, Chief Financial Officer

Date: 6/4/97 By /s/Patrick A. Scruggs
Patrick A. Scruggs, Assistant Treasurer

June 4, 1997

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 May 2, 1997 and April 26, 1996, as indicated in our report dated June 4, 1997; 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 May 2, 1997, 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

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENT OF CRACKER BARREL FOR THE 9 MONTHS ENDED MAY 2, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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AUG-1-1997
AUG-3-1996
MAY-2-1997
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3,824
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76,267
125,352
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