

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

For the Quarterly Period Ended October 28, 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  No

54,915,056 Shares of Common Stock  
Issued and Outstanding

Page 1 of 13

PART I

Item 1. Financial Statements

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED BALANCE SHEETS	(Unaudited) October 28, 1994	(Audited) July 29, 1994
ASSETS		
Cash and cash equivalents	\$ 3,974,309	\$ 13,050,523
Short-term investments	59,030,747	65,530,819
Accounts receivable	2,811,672	2,993,735
Inventories	50,654,021	41,989,546
Prepaid expenses	405,631	1,094,862
Deferred income taxes	3,220,016	3,220,016
Total current assets	120,096,396	127,879,501
Property and equipment	489,375,694	460,134,481
Accumulated depreciation and amortization	80,597,967	74,174,676
Property and equipment-net	408,777,727	385,959,805
Long-term investments	15,439,091	15,690,799
Other assets	575,468	533,622
Total assets	\$544,888,682 =====	\$530,063,727 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable	\$ 23,643,460	\$ 25,766,024
Other current liabilities	42,886,521	41,391,982
Total current liabilities	66,529,981	67,158,006
Long-term debt	23,500,000	23,500,000
Capital lease obligations	1,685,174	1,708,619
Deferred income taxes	7,851,185	7,851,185
Stockholders' equity:		
Common stock	29,956,127	29,950,658
Capital in excess of par value	194,244,644	194,073,393
Retained earnings	221,121,571	205,821,866
Total stockholders' equity	445,322,342	429,845,917
Total liabilities and stockholders' equity	\$544,888,682 =====	\$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	
	October 28, 1994	October 29, 1993
Net sales	\$184,947,701	\$152,498,897
Cost of goods sold	61,389,938	50,393,300
Gross profit on sales	123,557,763	102,105,597
Expenses:		
Store operations	87,929,409	71,770,119
General and administrative	11,462,938	9,310,348
Total expenses	99,392,347	81,080,467
Operating income	24,165,416	21,025,130
Interest expense	244,959	622,182
Interest income	879,680	1,053,513
Income before income taxes and cumulative effect of change in accounting principle	24,800,137	21,456,461
Provision for income taxes	9,200,851	8,089,086
Income before cumulative effect of change in accounting principle	15,599,286	13,367,375
Cumulative effect on prior years of changing method of accounting for income taxes	--	988,262
Net income	\$ 15,599,286	\$ 14,355,637
Earnings before cumulative effect of change in accounting principle	\$ .26	\$ .22
Cumulative effect on prior years of changing method of accounting for income taxes	--	.02
Earnings per share	\$ .26	\$ .24
Average common and common equivalent shares outstanding	60,592,156	60,460,208
Dividends per common share	\$ .00500	\$ .00500

See notes to financial statements.

## CRACKER BARREL OLD COUNTRY STORE, INC.

## CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Quarters Ended	
	October 28, 1994	October 29, 1993
Cash flows from operating activities:		
Net income	\$15,599,286	\$14,355,637
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	6,469,656	5,069,697
Loss(gain) on disposition of property and equipment	94,265	(16,306)
Increase in inventories	(8,664,475)	(7,116,613)
(Increase) decrease in other assets	(41,846)	41,490
(Decrease) increase in accounts payable	(2,122,564)	190,558
Increase in other current assets and liabilities	2,365,833	4,679,001
(Decrease) in deferred income taxes	--	(938,262)
Net cash provided by operating activities	13,700,155	16,265,202
Cash flows from investing activities:		
Decrease(increase) in short-term and long-term investments	6,751,780	(6,868,216)
Purchase of property and equipment	(29,404,958)	(26,051,278)
Proceeds from sale of property and equipment	23,115	53,479
Net cash used in investing activities	(22,630,063)	(32,866,015)
Cash flows from financing activities:		
Proceeds from exercise of stock options	176,720	413,543
Principal payments under long-term debt and capital lease obligations	(23,445)	(24,739)
Dividends on common stock	(299,581)	(297,913)
Net cash (used in) provided by financing activities	(146,306)	90,891
Net decrease in cash and cash equivalents	(9,076,214)	(16,509,922)
Cash and cash equivalents, beginning of year	13,050,523	38,552,111
Cash and cash equivalents, end of quarter	\$ 3,974,309 =====	\$22,042,189 =====
Supplemental disclosures of cash flow information:		
Cash paid during the quarter for:		
Interest	\$ 11,603	\$ 341,924
Income taxes	5,235,866	2,361,899

See notes to financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Condensed Financial Statements

The condensed balance sheet as of October 28, 1994 and the related condensed statements of income and cash flows for the quarters ended October 28, 1994 and October 29, 1993, 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 ended October 28, 1994 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 and 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 ended October 28, 1994 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 first quarter of fiscal 1995 as compared to the fiscal 1994 first quarter:

	Relationship to Net Sales Quarters Ended		Period to Period Increase(Decrease)
	10/28/94	10/29/93	
Net sales:			
Restaurant	78.6%	79.1%	21%
Gift shop	21.4%	20.9%	24%
	-----	-----	
Total sales	100.0%	100.0%	21%
Cost of goods sold	33.2%	33.0%	22%
Expenses:			
Store operations	47.5%	47.1%	23%
General and administrative	6.2%	6.1%	23%
	-----	-----	
Total expenses	53.7%	53.2%	23%
Operating income	13.1%	13.8%	15%
Interest expense	.1%	.4%	(61%)
Interest income	.5%	.7%	(17%)
Income before income taxes and cumulative effect of change in accounting principle	13.4%	14.1%	16%
Provision for income taxes	5.0%	5.3%	14%
Income before cumulative effect of change in accounting principle	8.4%	8.8%	17%
Cumulative effect on prior years of changing method of accounting for income taxes	--	.6%	(100%)
Net income	8.4%	9.4%	9%

Same Store Sales Analysis  
152 Store Average (\$000)

	10/28/94	10/29/93	
Restaurant	\$778.6	\$758.7	3%
Gift shop	210.0	199.8	5%
	-----	-----	
Restaurant & gift shop	\$988.6	\$958.5	3%
	=====	=====	

Net sales for the first quarter of fiscal 1995 increased 21% over last year's first quarter. Same store restaurant sales increased 2.6%, including a 3.3% menu price increase. Same store gift shop sales increased 5.1%. Total same store sales (restaurant and gift shop) increased 3.1%. Sales from new stores accounted for the remainder of the increase.

Cost of goods sold as a percentage of net sales was 33.2% this year compared to 33.0% in the first quarter of last year. Cost of goods sold as a percentage of sales increased from the first quarter last year primarily due to an increase in the sales mix of gift shop items from 20.9% last year to 21.4% this year. These items carry a higher cost of goods, and therefore, caused total cost of goods sold as a percentage of net sales to increase.

Total operating expenses as a percentage of net sales were 53.7% this year compared to 53.2% in the first quarter of last year. 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. General and administrative expenses as a percentage of net sales increased primarily due to increased costs involved with our management training program.

Interest expense decreased to \$244,959 for the quarter ended October 28, 1994 from \$622,182 in the same quarter a year ago. The decrease was due to lower average debt outstanding during the quarter ended October 28, 1994. Interest income decreased to \$879,680 in this year's first quarter from \$1,053,513 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 \$13.7 million in the first quarter of fiscal 1995. Net income adjusted by depreciation and amortization provided most of the cash. Increases in inventories and decreases in accounts payable were partially offset by increases in other current assets and liabilities.

Capital expenditures were \$29.4 million in the first quarter of fiscal 1995. Land purchases and cost of new stores accounted for substantially all of these expenditures, except for \$1.7 million for the renovation of the old gift shop warehouse into office space.

The Company's internally generated cash and short-term investments were sufficient to finance all of its growth in the first quarter 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 October 28, 1994, along with cash generated from the Company's operating activities, will be sufficient to finance its continued expansion in fiscal 1995 and its 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 October 28, 1994, and the related condensed statements of income and cash flows for the three-month periods ended October 28, 1994 and October 29, 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 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  
December 6, 1994

PART II

Item 1. Legal Proceedings

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None.

Item 2. Changes in Securities

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None.

Item 3. Defaults Upon Senior Securities

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None.

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

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- A. The annual meeting of shareholders was held November 22, 1994.
  - B. Election of Directors - The following represents directors whose terms of offices continued after the meeting: James C. Bradshaw, Robert V. Dale, Dan W. Evins, Edgar W. Evins, William D. Heydel, Robert C. Hilton, Charles E. Jones, Jr., Charles T. Lowe, Jr., B. F. Lowery, Gordon L. Miller, Martha M. Mitchell, James H. Stewart and Jimmie D. White. There were no new directors elected at this meeting.
  - C. Other matters:

Proposal 2 - Approval of appointment of auditors. This proposal was to approve the selection of Deloitte & Touche LLP as the Company's independent auditors for the 1995 fiscal year.

Affirmative votes cast	44,709,583
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Negative votes cast	723,599
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Votes cast to abstain	433,058
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Proposal 3 - Shareholder proposal. This shareholder proposal requested the Board of Directors to consider and take action on a proposal of the New York City Employees' Retirement System to amend the Company's employment policies to include language relating gay and lesbian sexual preferences.

Affirmative votes cast	4,380,978
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Negative votes cast	24,896,268
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Votes cast to abstain	1,988,423
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Broker non-votes	14,600,571
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Proposal 4 - Shareholder proposal. This shareholder proposal requested the Board of Directors to consider and take action on a proposal of a certain shareholder, relating to the expansion of the Board of Directors to reflect the varied races, genders and sexual orientations of shareholders.

Affirmative votes cast	2,543,437
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Negative votes cast	27,788,844
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Votes cast to abstain	933,388
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Broker non-votes	14,600,571
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D. None.

Item 5. Other Information

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None.

Item 6. Exhibits and Reports on Form 8-K

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Letter regarding unaudited financial information.



December 6, 1994

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

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Cracker Barrel Old Country Store, Inc. for the three-month periods ended October 28, 1994 and October 29, 1993, as indicated in our report dated December 6, 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 is included in your Quarterly Report on Form 10-Q for the quarter ended October 28, 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, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Deloitte & Touche LLP  
Nashville, Tennessee

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENT OF CRACKER BARREL FOR THE 3 MONTHS ENDED OCTOBER 28, 1994, AND IS QUALIFIED IN IT ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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3-MOS	
JUL-28-1995	JUL-30-1994
	OCT-28-1994
	3,974
	59,031
	2,812
	0
	50,654
120,096	489,376
	80,598
	544,889
66,530	
	23,500
	29,956
0	
	0
	415,366
544,889	
	184,948
184,948	
	61,390
	87,929
	11,463
	0
	245
	24,800
	9,201
15,599	
	0
	0
	0
	15,599
	.26
	.26