Cracker Barrel® Old Country Store

2015 ANNUAL REPORT

Over 600 locations in 42 States

On behalf of our more than 72,000 employees, I am pleased to share with you some of Cracker Barrel Old Country Store, Inc.'s accomplishments from fiscal 2015. Our management team remains focused on our long-term strategic plan to enhance the core business, expand the footprint of our stores, and extend the Cracker Barrel Old Country Store® brand outside of our four walls. As a result of this commitment, we delivered a meaningful increase in earnings per share versus the prior year.

In every quarter of the year, we grew comparable store restaurant and retail sales over the prior year quarter. This top-line growth resulted in our continued outperformance of the Knapp-Track™ Casual Dining Index. Our 5.1 percent comparable store restaurant sales growth was driven by a year-over-year increase in traffic of 2.1 percent, an increase in our menu pricing of 2.5 percent, and a positive sales mix impact from our promotional menu offerings. Our comparable store retail sales increased 3.6 percent year-over-year.

In addition to growing total revenue by 5.9 percent to $2.8 billion, we successfully implemented new technology and process improvements to reduce annual operating costs by approximately $20 million annualized. I am proud of our field employees and their willingness to adapt to significant amounts of change, all while staying true to our mission of "Pleasing People".

As a result of our cost saving initiatives, and our ability to leverage sales to the bottom line, we improved our operating margin to 9.0 percent, compared with 7.8 percent in 2014. We continue to generate strong cash flows. Net cash from operating activities was $334 million, which funded $90 million of capital expenditures.

Supported by the strength of our financial results and our commitment to shareholder returns, the Board approved an increase of our regular quarterly dividend to $1.10 per share, a 400 percent increase since May 2011; and for the first time in the Company's history, we declared a special dividend of $3.00 per share. Additionally, the market price per share of the Company's common stock was $151.89 at the close of business on the last day of the fiscal year (as reported by Nasdaq on July 31, 2015), reflecting a 57 percent increase from the closing stock price on August 1, 2014.

Our achievements, however, were not contained just in our financial results. Fiscal 2015 included accomplishments in many areas of our business.

We continued the build-out of our Wholesome Fixin's® menu category. This category was added to our core menu in August 2013 to meet our guests' desire for additional better-for-you menu items. In 2015, we broadened the category offerings to include entrees like our Southern Grilled Chicken Caesar Salad and Apple Cider BBQ Chicken Breast.

Our five seasonal menu promotions continued to be well received by our guests. We believe these promotions drive repeat visits by providing our guests with variety through limited-time offerings that appeal to our most frequent guests and our lighter users. Some of this year's guest favorites were our Strawberries n' Cream French Toast Breakfast and our Mushroom Onion n' Swiss Chopped Steak Country Dinner Plate.

Our retail store continues to be an integral part of the Cracker Barrel® experience. It serves as a major competitive advantage and point of differentiation for us. We aren't a destination retailer, but we have the advantage of drawing a lot of potential retail customers from our restaurant guest traffic. We are pleased with the growth we experienced in our retail sales during the fiscal year. In fiscal 2015, we averaged retail sales of approximately $430 per square foot while improving cost of goods sold as a percent of revenue.

Our merchandising team remained focused on themes that are designed to work across multiple demographics and resonate with a range of guests. We sourced merchandise that ensured broad multi-generational appeal with a focus on nostalgic and unique retail items. Additionally, we focused on improving our inventory management process and ended the fiscal year with approximately 10 percent less inventory.

Marketing and advertising have been key strategies to help drive restaurant and retail sales. As part of our three-year strategic plan, we shared our intent to increase overall advertising spend in these areas as a percent of revenue, and to optimize spend by reallocating dollars into alternative media channels including social, digital, and our exclusive music program.

Supported by organic and paid social media, fiscal 2015 was a year of rapid growth in Cracker Barrel's social brand engagement. Through targeted digital and social programs, like our Country Checkers Challenge and The Four-Star-Salute™, we saw a nearly 80 percent increase in our year-over-year social engagement rating. We believe this type of marketing continues to support our long-term goals to drive reach through more focused content and through opening new channels to reach specific market segments.

We continued our Handcrafted by Cracker Barrel campaign with television and new billboard creative to drive brand awareness. We ran national cable advertising during our first, second, and fourth quarters. During these on-air periods, we used a pulsing schedule to stay engaged with our target guests over a longer period of time.

We rolled out new creative content to nearly three-fourths of our billboards during the first quarter. Based on the specific market, the messaging placed greater emphasis on either our food, the Cracker Barrel experience, or reinforced our value and affordability. This always-on medium remains a powerful marketing tool and supports the Cracker Barrel brand with more than 24 billion impressions a year. Our ongoing strategy includes regularly reinvigorating our messaging through fresh creative.

Turning to our operating cost reduction initiatives, we targeted $20 million in operating income improvement to be realized in fiscal 2015. Due to the hard work of our employees, we successfully implemented several process and technology enhancements including plate reduction, retail labor scheduling and lighting enhancement.

Our new plate reduction guidelines drove improvements in dish room labor and chemical usage costs. Annual savings were also realized through a system-wide update to our retail labor scheduling and a re-bulbing of all stores with new LED light technology. We believe these initiatives further drove retail productivity and reduced our utilities expense, respectively, while maintaining the overall guest experience.

It is our belief that these 2015 initiatives generated sustainable improvements in our cost structure and drove higher operating margins; and I have been very pleased with the positive response from our employees and guests.

During the fiscal year, we opened six new Cracker Barrel Old Country Store® locations, including one designed with our new store prototype, expanding our chain to 637 stores in 42 states at year-end. We were pleased with guests' responses to the new design, which we believe has a lower annual operating cost than our current prototype.

As you can see, 2015 was a year of progress on many fronts. We pride ourselves on our consistent quality, value, and friendly service. The dedication and commitment of our employees continues to be broadly recognized by consumers. Technomic, Inc., a well-recognized industry research firm which analyzes consumer ratings, named Cracker Barrel a 2015 Chain Restaurant Consumers' Choice Award winner for our pleasant and friendly service. In addition, *FamilyFun* magazine named Cracker Barrel a top family-friendly restaurant in 2015, as part of their third annual Travel Awards. We were also ranked number one by Nation's Restaurant News Consumer Picks 2015 survey in the categories of Menu Variety and Atmosphere. These honors reaffirm the strength of our brand.

In summary, we are proud of our fiscal 2015 performance. We achieved strong net income per share growth, generated substantial cash flow from operations, reinvested in the future growth of the company, and returned capital to shareholders. For fiscal 2016, our management team remains focused on driving sales, managing costs, achieving high standards of execution, and continuing to broaden the Cracker Barrel reach. Thank you for your ongoing trust and support in Cracker Barrel and our management team. I look forward to reporting on continued progress next year.

Sincerely,

Sandra B Cochran

Sandra B. Cochran
President and Chief Executive Officer

Directors

Thomas H. Barr
Consultant; former CEO and Global President, Hailo Network; former Vice President, Global Coffee at Starbucks Corporation

James W. Bradford
Chairman of the Board; Retired; former Dean and Professor for the Practice of Management at Vanderbilt University's Owen Graduate School of Management

Sandra B. Cochran
President and CEO of Cracker Barrel Old Country Store, Inc.

Glenn A. Davenport
President of G.A. Food Service, Inc.; former Chairman and CEO of Morrison Management Specialists

Richard J. Dobkin
Retired; former Managing Partner of the Tampa, FL office of Ernst & Young, LLP

Norman E. Johnson
Retired; former Executive Chairman and CEO of CLARCOR, Inc.

William W. McCarten
Chairman of the board of directors of DiamondRock Hospitality Company

Coleman H. Peterson
President and CEO of Hollis Enterprises, LLC; former Chief People Officer of Wal-Mart Stores, Inc.

Andrea M. Weiss
President and CEO of Retail Consulting, Inc.; former President of dELiA*s Corp.

2015

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Except for specific historical information, many of the matters discussed in this Annual Report to Shareholders may express or imply projections of items such as revenues or expenditures, estimated capital expenditures, compliance with debt covenants, plans and objectives for future operations, store economics, inventory shrinkage, growth or initiatives, expected future economic performance or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results that Cracker Barrel Old Country Store, Inc. (the "Company") expects will or may occur in the future, are forward-looking statements that, by their nature, involve risks, uncertainties and other factors which may cause our actual results and performance to differ materially from those expressed or implied by those statements. All forward-looking information is provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these risks, uncertainties and other factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "trends," "assumptions," "target," "guidance," "outlook," "opportunity," "future," "plans," "goals," "objectives," "expectations," "near-term," "long-term," "projection," "may," "will," "would," "could," "expect," "intend," "estimate," "anticipate," "believe," "potential," "regular," "should," "projects," "forecasts" or "continue" (or the negative or other derivatives of each of these terms) or similar terminology. We believe the assumptions underlying any forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. In addition to the risks of ordinary business operations, and those discussed or described in this report or in information incorporated by reference into this report, factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to, those summarized below, as well as other factors discussed throughout this document, including, without limitation, the factors described under "Critical Accounting Estimates" on pages 18 to 21 of this Annual Report or, from time to time, in the Company's filings with the Securities and Exchange Commission ("SEC"), press releases and other communications.

Readers are cautioned not to place undue reliance on forward-looking statements made in this report, since the statements speak only as of the report's date. Except as may be required by law, the Company has no obligation, and does not intend, to publicly update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this document or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any future public disclosures that the Company may make on related subjects in its reports filed or furnished to the SEC or in its other public disclosures.

Set forth below is a summary of the material risks associated with our business and, therefore, any investment in our securities. Our 2015 Annual Report on Form 10-K, filed with the SEC on September 28, 2015 and available at sec.gov, as well as our website, crackerbarrel.com, contains a more comprehensive discussion of these risks, and you are encouraged to review that Annual Report on Form 10-K and all our SEC filings.

Risks Related to Our Business

- General economic, business and societal conditions as well as those specific to the restaurant or retail industries that are largely out of our control may adversely affect our business, financial condition and results of operations.
- We face intense competition, and if we are unable to continue to compete effectively, our business, financial condition and results of operations would be adversely affected.
- The price and availability of food, ingredients, retail merchandise and utilities used by our stores could adversely affect our revenues and results of operations.
- Our plans depend significantly on our strategic priorities and business initiatives designed to enhance our menu and retail offerings, support our brand, improve operating margins and improve the efficiencies and effectiveness of our operations. Failure to achieve or sustain these plans could adversely affect our results of operations.
- We are dependent upon attracting and retaining qualified employees while also controlling labor costs.

- Our reliance on certain significant vendors, particularly for foreign-sourced retail products, subjects us to numerous risks, including possible interruptions in supply, which could adversely affect our business.
- Our risks are heightened because of our single retail distribution facility and our potential inability or failure to execute on a comprehensive business continuity plan following a major disaster at or near our corporate facility could adversely affect our business.
- Our ability to manage our retail inventory levels and changes in merchandise mix may adversely affect our business.
- A material disruption in our information technology, network infrastructure and telecommunication systems could adversely affect our business and results of operations.
- Our capital structure contains substantial indebtedness, which may decrease our flexibility, increase our borrowing costs and adversely affect our liquidity. In addition, we cannot provide any guaranty of future cash dividend payments or that we will be able to repurchase our common stock pursuant to our share repurchase program.
- Our advertising is heavily dependent on billboards, which are highly regulated; our evolving marketing strategy poses a risk of increased advertising and marketing costs that could adversely affect our results of operations.
- A privacy breach could adversely affect our business.
- If we fail to execute our business strategy, which includes our ability to find new store locations and open new stores that are profitable, our business could suffer.
- Our business is somewhat seasonal and also can be affected by extreme weather conditions and natural disasters.
- We outsource certain business processes to third-party vendors that subject us to risks, including disruptions in business and increased costs; our use of third party technologies has increased and if we are unable to maintain our rights to these technologies our business may be harmed.
- Health concerns, government regulation relating to the consumption of food products and widespread infectious diseases could affect consumer preferences and could negatively affect our results of operations.
- Unfavorable publicity could harm our business. In addition, our failure to recognize, respond to and effectively manage the impact of social media could materially impact our business.
- Individual store locations are affected by local conditions that could change and adversely affect the carrying value of those locations.
- We are subject to a number of risks relating to federal, state and local regulation of our business including the areas of minimum wage increases, health care reform and environmental matters, and an insufficient or ineffective response to government regulation may increase our costs and decrease our profit margins.
- Failure to maximize or to successfully assert our intellectual property rights could adversely affect our business and results of operations.
- Litigation may adversely affect our business, financial condition and results of operations.
- The loss of key executives or difficulties in recruiting and retaining qualified personnel could jeopardize our future growth and success.
- Our current insurance programs may expose us to unexpected costs, which could have a material adverse effect on our financial condition and results of operations.
- Our annual and quarterly operating results may fluctuate significantly and could fall below the expectations of investors and securities analysts due to a number of factors, some of which are beyond our control, resulting either in volatility or a decline in the price of our securities.
- Failure of our internal control over financial reporting could adversely affect our business and financial results.
- Our reported results can be affected adversely and unexpectedly by the implementation of new, or changes in the interpretation of existing, accounting principles or financial reporting requirements.
- Our business could be negatively affected as a result of actions of activist shareholders.
- Provisions in our charter, Tennessee law and our shareholder rights plan may discourage potential acquirers of our company.

Selected Financial Data

(Dollars in thousands except percentages and share data)
For each of the fiscal years ended

	July 31, 2015[a]	August 1, 2014[b]	August 2, 2013[c]	August 3, 2012[d]	July 29, 2011[e]
SELECTED INCOME STATEMENT DATA:					
Total revenue	$ 2,842,284	$ 2,683,677	$ 2,644,630	$ 2,580,195	$ 2,434,435
Net income	163,903	132,128	117,265	103,081	85,208
Net income per share:					
Basic	6.85	5.55	4.95	4.47	3.70
Diluted	6.82	5.51	4.90	4.40	3.61
Dividends declared per share	7.10	3.25	2.25	1.15	0.88
Dividends paid per share	4.00	3.00	1.90	0.97	0.86
AS PERCENT OF TOTAL REVENUE:					
Cost of goods sold					
(exclusive of depreciation and rent)	32.5%	32.5%	32.3%	32.1%	31.7%
Labor and related expenses	34.9	36.0	36.5	36.8	37.1
Other store operating expenses	18.4	18.9	18.2	18.0	18.6
Store operating income	14.2	12.6	13.0	13.1	12.6
General and administrative expenses	5.2	4.8	5.4	5.7	5.7
Operating income	9.0	7.8	7.6	7.4	6.9
Income before income taxes	8.4	7.1	6.3	5.7	4.8
SELECTED BALANCE SHEET DATA:					
Working capital (deficit)	$ 11,213	$ (14,789)	$ (13,873)	$ 18,249	$ (21,188)
Total assets	1,576,208	1,432,248	1,388,306	1,418,992	1,310,884
Current interest rate swap liability	1,117	4,704	—	20,215	—
Long-term debt	400,000	375,000	400,000	525,036	550,143
Long-term interest rate swap liability	8,704	3,239	11,644	14,166	51,604
Other long-term obligations	133,594	123,221	120,073	114,897	105,661
Shareholders' equity	538,268	528,641	484,026	382,675	268,034
SELECTED CASH FLOW DATA:					
Purchase of property and equipment, net	$ 90,490	$ 90,564	$ 73,961	$ 80,170	$ 77,686
Share repurchases	—	12,473	3,570	14,923	33,563
SELECTED OTHER DATA:					
Common shares outstanding at end of year	23,975,755	23,821,227	23,795,327	23,473,024	22,840,974
Stores open at end of year	637	631	624	616	603
AVERAGE UNIT VOLUMES[f]:					
Restaurant	$ 3,581	$ 3,415	$ 3,390	$ 3,369	$ 3,234
Retail	904	873	869	863	837
COMPARABLE STORE SALES[g]:					
Period to period increase in comparable store sales:					
Restaurant	5.1%	0.7%	3.1%	2.2%	0.2%
Retail	3.6	0.4	2.9	1.6	0.7
Memo: Number of stores in comparable base	621	609	596	591	583

(a) *We recorded a total provision of approximately $3,500, which is included in general and administrative expenses, to reflect the liability related to several claims filed as a putative collective action alleging violations of the Fair Labor Standards Act. See "Item 3. Legal Proceedings" of Part 1 of this Annual Report on Form 10-K for further information related to these claims. Our debt refinancing in the second quarter of fiscal 2015 resulted in additional interest expense of $412 related to the write-off of deferred financing costs.*

(b) *We incurred $4,313 in costs related to the November 2013 proxy contest and April 2014 special shareholders' meeting, which are included in general and administrative expenses.*

(c) *We incurred $4,111 in costs related to the November 2012 proxy contest, which are included in general and administrative expenses.*

(d) *Fiscal 2012 consisted of 53 weeks while all other periods presented consisted of 52 weeks. The estimated impact of the additional week was to increase consolidated fiscal 2012 results as follows: total revenue, $51,059; store operating income, 0.2% of total revenue; operating income, 0.2% of total revenue; net income, 0.2% of total revenue; and diluted net income per share, $0.27. As part of our restructuring of our field organization in April 2012, we incurred severance charges of $1,660, which are included in general and administrative expenses. We also incurred $5,203 in costs related to the December 2011 proxy contest, which are also included in general and administrative expenses.*

(e) *Includes impairment charges of $3,219 before taxes and pre-tax gains on store dispositions of $4,109. Our debt refinancing in the fourth quarter of fiscal 2011 resulted in additional interest expense of $5,136 related to transaction fees and the write-off of deferred financing costs. During the fourth quarter of fiscal 2011, as part of our cost reduction and organization streamlining initiative, we incurred severance charges of $1,768, which are included in general and administrative expenses. We also incurred $404 in costs related to the December 2011 proxy contest, which are also included in general and administrative expenses.*

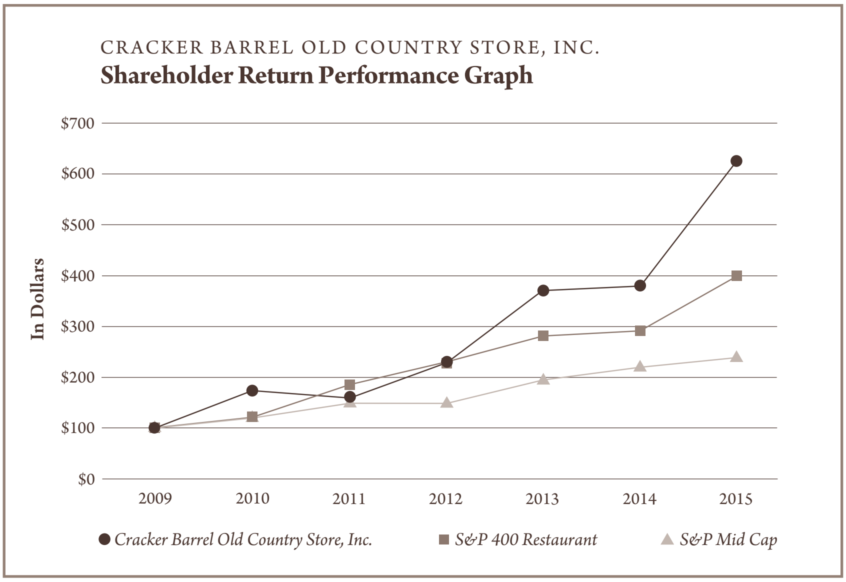
(f) *Average unit volumes include sales of all stores. Fiscal 2012 included a 53rd week while all other periods presented consisted of 52 weeks.*

(g) *Comparable store sales consist of sales of stores open at least six full quarters at the beginning of the year and are measured on comparable calendar weeks.*

MARKET PRICE AND DIVIDEND INFORMATION

The following table indicates the high and low sales prices of our common stock, as reported by Nasdaq, and dividends declared and paid for the quarters indicated.

	Fiscal Year 2015				Fiscal Year 2014			
	Prices		Dividends	Dividends	Prices		Dividends	Dividends
	High	Low	Declared	Paid	High	Low	Declared	Paid
First	$116.34	$96.50	$1.00	$1.00	$111.70	$96.32	$0.75	$0.75
Second	142.49	114.94	1.00	1.00	118.63	96.41	0.75	0.75
Third	159.94	121.89	1.00	1.00	103.30	93.59	1.75	0.75
Fourth	162.33	131.21	4.10	1.00	103.32	92.84	—	0.75



The graph (left) shows the changes over the past six-year period in the value of $100 invested in Cracker Barrel Old Country Store, Inc. Common Stock, the Standard & Poor's Mid Cap Index, and the Standard & Poor's 400 Restaurant Index which we believe is an adequate peer composite for the Company. The plotted points represent the closing price on the last day of the fiscal year indicated and assume the reinvestment of dividends. The data set forth in the graph has been provided by FactSet Research Systems, Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. MD&A should be read in conjunction with the Consolidated Financial Statements and notes thereto. Readers also should carefully review the information presented under the section entitled "Risk Factors" and other cautionary statements in this report. All dollar amounts (other than per share amounts) reported or discussed in this MD&A are shown in thousands. References in MD&A to a year or quarter are to our fiscal year or quarter unless expressly noted or the context clearly indicates otherwise.

This overview summarizes the MD&A, which includes the following sections:

- *Executive Overview* – a general description of our business, the restaurant and retail industries, our key performance indicators and the Company's performance in 2015.
- *Results of Operations* – an analysis of our consolidated statements of income for the three years presented in our Consolidated Financial Statements.
- *Liquidity and Capital Resources* – an analysis of our primary sources of liquidity, capital expenditures and material commitments.
- *Critical Accounting Estimates* – a discussion of accounting policies that require critical judgments and estimates.

EXECUTIVE OVERVIEW

Cracker Barrel Old Country Store, Inc. (the "Company," "our" or "we") is a publicly traded (Nasdaq: CBRL) company that, through its operations and those of certain subsidiaries, is engaged in the operation and development of the Cracker Barrel Old Country Store® ("Cracker Barrel") concept. Each Cracker Barrel store consists of a restaurant with a gift shop. The restaurants serve breakfast, lunch and dinner. The gift shop area offers a variety of decorative and functional items specializing in rocking chairs, holiday gifts, toys, apparel and foods. As of September 21, 2015, the Company operated 637 Cracker Barrel stores located in 42 states and had 8,095 shareholders of record.

Restaurant and Retail Industries

Our stores operate in both the restaurant and retail industries in the United States. The restaurant and retail industries are highly competitive with respect to quality, variety and price of the food products and retail merchandise offered. We compete with a significant number of national and regional restaurant and retail chains. Additionally, there are many segments within the restaurant industry, such as family dining, casual dining, fast casual and quick service, which often overlap and provide competition for widely diverse restaurant concepts. We operate in the full-service segment of the restaurant industry. Competition also exists in securing prime real estate locations for new stores, in hiring qualified employees, in advertising, in the attractiveness of facilities and with competitors having similar menu offerings or convenience. The restaurant and retail industries are often affected by changes in consumer taste and preference; national, regional or local economic conditions; demographic trends; traffic patterns; the type, number and location of competing restaurants and retailers; and consumers' discretionary purchasing power.

Additionally, economic, seasonal and weather conditions affect the restaurant and retail industries. Adverse economic conditions and unemployment rates affect consumer discretionary income and dining and shopping habits. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby contributing to higher profits in our fourth quarter. Retail sales, which are made substantially to our restaurant guests, are strongest in the second quarter, which includes the Christmas holiday shopping season. Severe weather also affects restaurant and retail sales adversely from time to time.

Key Performance Indicators

Management uses a number of key performance measures to evaluate our operational and financial performance, including the following:

Comparable store restaurant and retail sales and restaurant guest traffic consist of sales and calculated number of guests, respectively, of stores open at least six full quarters at the beginning of the year and are measured on comparable calendar weeks. This measure excludes the impact of new store openings.

Retail conversion is the percentage of restaurant guest traffic that make a retail purchase. Management uses retail conversion as its metric to analyze a store's ability to convert restaurant traffic into a retail sales occasion.

Average check per guest is an indicator which management uses to analyze the dollars spent per guest in our stores on restaurant purchases. This measure aids management in identifying trends in guest preferences as well as the effectiveness of menu price increases and other menu changes.

Store operating margins are defined as total revenue less cost of goods sold (exclusive of depreciation and rent), labor and other related expenses and other store operating expenses, all as a percentage of total revenue. Management uses this indicator as a primary measure of operating profitability.

Company Performance in 2015

Management believes that the Cracker Barrel brand remains one of the strongest and most differentiated brands in the restaurant industry. During 2015, we focused on four key business priorities which were based on our previously announced long-term strategy.

Our long-term strategy includes the following:

- Enhancing the core business by increasing our brand's relevance to customers in order to drive guest traffic and sales in both restaurant and retail, implementing geographic pricing tiers to optimize average check and re-engineering store processes to increase operating margins;
- Expanding the footprint through continued use of our proven site selection tools, introducing a new and more efficient building and equipment prototype and the selective entry into new markets; and
- Extending the brand by building on the initial success of our licensing business, leveraging our brand strengths into a new fast casual concept and growing our retail business into an omni-channel business.

Our four priorities for 2015 were to:

1) **Extend the reach of the Cracker Barrel brand to drive traffic and sales in both our restaurant and retail businesses.** During 2015, our five seasonal menu promotions continued to be well received by our guests. We believe these promotions drive repeat visits by providing our guests with variety through limited-time offerings that appeal to both our most frequent guests and our lighter users. To meet our guests' desire for additional better-for-you menu items, we continued the build-out of our Wholesome Fixin's menu category throughout 2015. Our retail gift shop continues to be an integral part of the Cracker Barrel experience. Our merchandising team sourced themes that are designed to work across multiple demographics and resonate with a range of guests, with a focus on nostalgic and authentic items that are uniquely Cracker Barrel. Marketing and advertising were key strategies to help drive restaurant and retail sales. In 2015, we sought to optimize our spend in these areas by reallocating dollars into media channels including social, digital, and our exclusive music program. We continued our Handcrafted by Cracker Barrel campaign with television and new billboard creative content to drive brand awareness. We ran national cable advertising during our first, second, and fourth quarters of 2015. During these on-air periods, we used a pulsing schedule to stay engaged with our target guests over a longer period of time.
2) **Optimize average guest check through the implementation of geographic pricing tiers.** Using a rigorous testing methodology that will be analyzed over multiple purchase cycles, we began our market level pricing test in the first quarter of 2015. We moved forward with our second phase in the third quarter of 2015 and continue to read the elasticity in each market and use the findings to further expand the pricing variance between levels. We believe that a geographic pricing structure will allow us to increase our prices at a compound annual growth rate of two to three percent per fiscal year over the next few years.

3) **Apply technology and process enhancements to drive store operating margins.** We successfully implemented new technology and process improvements to reduce annual operating costs by approximately $20,000 annualized. These improvements and initiatives included plate reduction, retail labor scheduling and lighting enhancement. Our new plate reduction guidelines drove improvements in dish room labor and chemical usage costs. Annual savings were also realized through a system-wide update to our retail labor scheduling and a re-bulbing of all stores with new LED light technology. We believe these initiatives further drove retail productivity and reduced our utilities expense, respectively, while maintaining the overall guest experience. It is our belief that these 2015 initiatives generated sustainable improvements in our cost structure and drove higher operating margins.

4) **Continue the growth of the brand by developing and opening new stores.** During 2015, we opened six new Cracker Barrel Old Country Store locations, including one designed with our new store prototype, expanding our chain to 637 stores in 42 states at year-end. We were pleased with guests' responses to our new prototype design. As we gain knowledge from the performance of our new prototype, we anticipate retrofit opportunities for individual initiatives that can benefit the performance of our existing stores.

We believe the successful implementation of these four priorities contributed to our revenue growth during the year, positive comparable store restaurant and retail sales for the year and higher operating margin and profit as compared to the prior year.

RESULTS OF OPERATIONS

The following table highlights operating results over the past three years:

	Relationship to Total Revenue		
	2015	2014	2013
Total revenue	100.0%	100.0%	100.0%
Cost of goods sold (exclusive of depreciation and rent)	32.5	32.5	32.3
Labor and other related expenses	34.9	36.0	36.5
Other store operating expenses	18.4	18.9	18.2
Store operating income	14.2	12.6	13.0
General and administrative	5.2	4.8	5.4
Operating income	9.0	7.8	7.6
Interest expense	0.6	0.7	1.3
Income before income taxes	8.4	7.1	6.3
Provision for income taxes	2.6	2.2	1.9
Net income	5.8	4.9	4.4

Total Revenue

The following table highlights the key components of revenue for the past three years:

	2015	2014	2013
Revenue in dollars:			
Restaurant	$2,269,610	$2,137,405	$2,104,768
Retail	572,674	546,272	539,862
Total revenue	$2,842,284	$2,683,677	$2,644,630
Total revenue percentage increase	5.9%	1.5%	2.5%
Total revenue by percentage relationships:			
Restaurant	79.9%	79.6%	79.6%
Retail	20.1%	20.4%	20.4%
Comparable number of stores	621	609	596
Comparable store averages per store:			
Restaurant	$ 3,569	$ 3,422	$ 3,409
Retail	894	871	871
Total	$ 4,463	$ 4,293	$ 4,280
Restaurant average weekly sales (1)	$ 68.9	$ 65.7	$ 65.2
Retail average weekly sales (1)	17.4	16.8	16.7

(1) *Average weekly sales are calculated by dividing net sales by operating weeks and include all stores.*

Total revenue benefited from the opening of 6, 7 and 8 new stores in 2015, 2014 and 2013, respectively.

The following table highlights comparable store sales* results over the past two years:

	Period to Period Increase	
	2015 vs 2014 (621 Stores)	2014 vs 2013 (609 Stores)
Restaurant	5.1%	0.7%
Retail	3.6	0.4
Restaurant & Retail	4.8	0.6

* *Comparable store sales consist of sales of stores open at least six full quarters at the beginning of the year and are measured on comparable calendar weeks.*

Our comparable store restaurant sales increase from 2014 to 2015 resulted from a higher average check of 3.0%, primarily attributable to a 2.5% average menu price increase and an increase in guest traffic of 2.1%. Our comparable store restaurant sales increase from 2013 to 2014 resulted from a higher average check of 2.6%, primarily attributable to a 2.1% average menu price increase, partially offset by a decrease in guest traffic of 1.9%.

The comparable store retail sales increase from 2014 to 2015 resulted primarily from strong performance in apparel and accessories, bed and bath and home décor merchandise categories and the increase in guest traffic. The comparable store retail sales increase from 2013 to 2014 resulted primarily from strong performance in apparel and accessories and home décor merchandise categories partially offset by a decline in the bed and bath merchandise category and the decrease in guest traffic.

Cost of Goods Sold (Exclusive of Depreciation and Rent)

The following table highlights the components of cost of goods sold in dollar amounts for the past three years:

	2015	2014	2013
Cost of Goods Sold:			
Restaurant	$630,417	$589,390	$571,825
Retail	293,754	283,368	282,859
Total Cost of Goods Sold	$924,171	$872,758	$854,684

The following table highlights restaurant cost of goods sold as a percentage of restaurant revenue for the past three years:

	2015	2014	2013
Restaurant Cost of Goods Sold	27.8%	27.6%	27.2%

The modest increase from 2014 to 2015 was the result of food commodity inflation of 2.7% and a shift to higher cost menu items partially offset by our menu price increase referenced above and lower food waste. Higher cost menu items and lower food waste accounted for 0.2% and 0.1%, respectively, in restaurant cost of goods sold as a percentage of restaurant revenue. The increase from 2013 to 2014 was primarily the result of food commodity inflation of 1.8%, a shift to higher cost menu items and higher food waste partially offset by our menu price increase referenced above. Higher cost menu items and higher food waste accounted for 0.3% and 0.1%, respectively, in restaurant cost of goods sold as a percentage of restaurant revenue.

We presently expect the rate of commodity inflation to be approximately 3.0% to 4.0% in 2016 as compared to 2015. We expect to partially offset the effects of food commodity inflation through a combination of menu price increases, supply contracts and other cost reduction initiatives.

The following table highlights retail cost of goods sold as a percentage of retail revenue for the past three years:

	2015	2014	2013
Retail Cost of Goods Sold	51.3%	51.9%	52.4%

The decrease in retail cost of goods sold as a percentage of retail revenue in 2015 as compared to 2014 resulted primarily from lower markdowns and lower freight expense.

	2014 to 2015 (Decrease) as a Percentage of Total Revenue
Markdowns	(0.3%)
Freight	(0.2%)

The decrease in retail cost of goods sold as a percentage of retail revenue in 2014 as compared to 2013 resulted primarily from lower freight, higher initial markup on retail merchandise, lower shrinkage and a reduction in the obsolescence inventory reserve partially offset by higher markdowns.

	2013 to 2014 (Decrease) Increase as a Percentage of Total Revenue
Freight	(0.4%)
Higher initial markup on merchandise	(0.2%)
Retail inventory shrinkage	(0.1%)
Obsolescence inventory reserve	(0.1%)
Markdowns	0.4%

Labor and Related Expenses

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. The following table highlights labor and other related expenses as a percentage of total revenue for the past three years:

	2015	2014	2013
Labor and other related expenses	34.9%	36.0%	36.5%

The year-to-year percentage change from 2014 to 2015 resulted primarily from the following:

	2014 to 2015 (Decrease) Increase as a Percentage of Total Revenue
Store hourly labor	(0.6%)
Employee health care expenses	(0.3%)
Store management compensation	(0.3%)
Payroll taxes	(0.2%)
Store bonus expense	0.4%

The decrease in store hourly labor costs as a percentage of total revenue from 2014 to 2015 resulted from menu price increases being greater than wage inflation and improved productivity driven by the successful implementation of labor savings initiatives in 2015.

The decrease in our employee health care expenses as compared to the prior year resulted primarily from a reduction in premiums associated with our transition of a majority of our plans from fully insured to self-insured for the plan year ending December 31, 2015 and lower plan enrollment.

The decrease in store management compensation expense as a percentage of total revenue in 2015 as compared to 2014 resulted primarily from lower staffing levels in 2015 as compared to 2014.

The decrease in payroll tax expense as a percentage of total revenue in 2015 as compared to 2014 resulted primarily from a reduction in state unemployment tax rates.

Higher store bonus expense in 2015 as compared to 2014 reflected better performance against financial objectives in 2015 as compared to the prior year.

The year-to-year percentage change from 2013 to 2014 resulted from the following:

	2013 to 2014 (Decrease) as a Percentage of Total Revenue
Store bonus expense	(0.3%)
Employee health care expenses	(0.1%)
Store hourly labor	(0.1%)

Lower store bonus expense in 2014 as compared to 2013 reflected lower performance against financial objectives in 2014 as compared to the prior year.

The decrease in our employee health care expenses as compared to the prior year was primarily the result of the reimbursement of approximately $4,700 for certain health care premiums related to the plan year ended December 31, 2013, partially offset by higher enrollment and higher net premium costs related to the plan year ended December 31, 2014. During 2014, we recorded a receivable of $6,200 for reimbursement of certain health care premiums related to the plan year ended December 31, 2014, of which $3,600 reduced employee health care expenses in 2014.

The decrease in store hourly labor costs as a percentage of total revenue from 2013 to 2014 resulted from menu price increases being higher than wage inflation and improved productivity.

Other Store Operating Expenses

Other store operating expenses include all store-level operating costs, the major components of which are utilities, operating supplies, repairs and maintenance, depreciation and amortization, advertising, rent, credit card fees, real and personal property taxes, general insurance and costs associated with our store manager conference. The following table highlights other store operating expenses as a percentage of total revenue for the past three years:

	2015	2014	2013
Other store operating expenses	18.4%	18.9%	18.2%

The year-to-year percentage change from 2014 to 2015 resulted from the following:

	2014 to 2015 (Decrease) as a Percentage of Total Revenue
Maintenance	(0.2%)
Utilities	(0.2%)
Store manager conference expense	(0.1%)

Lower maintenance expense as a percentage of total revenue for 2015 as compared to 2014 resulted primarily from cost saving initiatives.

The decrease in utilities expense from 2014 to 2015 resulted primarily from milder winter weather and lower natural gas prices.

In the first quarter of 2014, we held a manager conference which was attended by our store operations management team. The next conference will be held in the first quarter of 2016.

The year-to-year percentage change from 2013 to 2014 resulted primarily from the following:

	2013 to 2014 Increase as a Percentage of Total Revenue
Utilities	0.1%
Advertising	0.1%
Store manager conference expense	0.1%
Maintenance	0.1%

The increase in utilities expense from 2013 to 2014 resulted primarily from higher heating costs due to unseasonably cold weather experienced at many of our store locations during the winter months in 2014.

The increase in advertising expense from 2013 to 2014 resulted primarily from higher media spending.

In the first quarter of 2014, we held a manager conference which was attended by our store operations management team. The last such conference was held during the first quarter of 2012.

Higher maintenance expenses resulted primarily from increases in lighting replacement costs, snow removal, kitchen equipment repairs and national inspection and repair programs.

General and Administrative Expenses

The following table highlights general and administrative expenses as a percentage of total revenue for the past three years:

	2015	2014	2013
General and administrative expenses	5.2%	4.8%	5.4%

The year-to-year percentage change from 2014 to 2015 resulted from the following:

	2014 to 2015 Increase (Decrease) as a Percentage of Total Revenue
Incentive compensation expense	0.5%
Litigation accrual	0.1%
Proxy contest expenses in the prior year	(0.2%)

Higher incentive compensation in 2015 as compared to 2014 resulted primarily from better performance against financial objectives as compared to the prior year and the effect of the increase in the price of our common stock in 2015.

In 2015, we recorded a total provision of approximately $3,500 related to the liability associated with the disclosed Fair Labor Standards Act ("FLSA") litigation. See Note 15 to our Consolidated Financial Statements and "Item 3. Legal Proceedings" of Part 1 of this Annual Report on Form 10-K for further information related to the FLSA litigation.

In 2014, we incurred $4,313 in costs related to a proxy contest at our Annual Shareholders Meeting and a Special Meeting of Shareholders.

The year-to-year percentage change from 2013 to 2014 resulted primarily from lower incentive compensation. Lower incentive compensation resulted primarily from lower performance against financial objectives as compared to the prior year and the effect of the decrease in the price of our common stock in 2014.

Interest Expense

The following table highlights interest expense for the past three years:

	2015	2014	2013
Interest expense	$16,679	$17,557	$35,742

The year-to-year decrease from 2014 to 2015 resulted primarily from lower weighted average interest rates partially offset by the write-off of $412 in deferred financing costs as a result of our debt refinancing. See the discussion below under "Borrowing Capacity and Debt Covenants" for further information on our debt refinancing. We presently expect interest expense for 2016 to be approximately $14,000 to $15,000.

The year-to-year decrease from 2013 to 2014 resulted primarily from lower interest rates because of the expiration of our seven-year interest rate swap on May 3, 2013, which had a fixed interest rate of 5.57% plus our credit spread, and lower debt outstanding.

Provision for Income Taxes

The following table highlights the provision for income taxes as a percentage of income before income taxes ("effective tax rate") for the past three years:

	2015	2014	2013
Effective tax rate	31.2%	30.8%	29.3%

The increase in our effective tax rate from 2014 to 2015 resulted primarily from lower employer tax credits as a percent of income before taxes. The increase in our effective tax rate from 2013 to 2014 resulted primarily from the expiration of the Work Opportunity Tax Credit ("WOTC") as of December 31, 2013.

We presently expect our effective tax rate for 2016 to be between 32% and 33%. This estimate assumes that the WOTC, which expired on December 31, 2014, is not renewed. We estimate that the renewal of the WOTC could reduce our provision for income taxes by $3,500 to $6,500 in 2016.

LIQUIDITY AND CAPITAL RESOURCES

The following table presents a summary of our cash flows for the last three years:

	2015	2014	2013
Net cash provided by operating activities	$334,055	$177,625	$208,499
Net cash used in investing activities	(88,614)	(88,815)	(73,406)
Net cash used in financing activities	(99,347)	(91,167)	(165,337)
Net increase (decrease) in cash and cash equivalents	$146,094	$ (2,357)	$(30,244)

Our primary sources of liquidity are cash generated from our operations and our borrowing capacity under our revolving credit facility. Our internally generated cash, along with cash on hand at August 1, 2014, was sufficient to finance all of our growth, dividend payments, working capital needs and other cash payment obligations in 2015.

We believe that cash at July 31, 2015, along with cash expected to be generated from our operating activities and the borrowing capacity under our revolving credit facility will be sufficient to finance our continuing operations, our continuing expansion plans and our expected dividend payments for 2016.

Cash Generated from Operations

The increase in net cash flow provided by operating activities from 2014 to 2015 reflected lower annual and long-term incentive bonus payments made in 2015 as a result of the prior year's performance, the timing of payments for accounts payable, higher net income and lower retail inventories. Lower retail inventories resulted from improved buying strategies, fewer receipts of holiday merchandise and better general inventory management. The decrease in net cash flow provided by operating activities from 2013 to 2014 reflected the timing of payments for accounts payable and higher retail inventories. Higher retail inventories at the end of 2014 resulted primarily from the early receipt of holiday and other merchandise and lower than anticipated sales in 2014.

Capital Expenditures

The following table presents our capital expenditures (purchase of property and equipment), net of proceeds from insurance recoveries, for the last three years:

	2015	2014	2013
Capital expenditures, proceeds from insurance recoveries	$90,490	$90,564	$73,961

Our capital expenditures consisted primarily of costs of new store locations and capital expenditures for maintenance programs. Capital expenditures were relatively flat in 2015 as compared to 2014. The increase in capital expenditures from 2013 to 2014 resulted primarily from an increase in the number of new store locations acquired and under construction as compared to the prior year and higher maintenance capital expenditures due to our aging store base.

We estimate that our capital expenditures during 2016 will be between $110,000 and $120,000. This estimate includes the acquisition of sites and construction costs of seven or eight new stores that we plan to open during 2016, as well as acquisition and construction costs for store locations to be opened in 2017. We also expect to increase capital expenditures for technology and operational improvements, which are intended to improve the guest experience and improve margins. We intend to fund our capital expenditures with cash generated by operations and borrowings under our revolving credit facility, as necessary.

Borrowing Capacity and Debt Covenants

On January 8, 2015, we entered into a five-year $750,000 revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility replaced a term loan totaling $181,250 and a $218,750 revolving credit facility ("Prior Credit Facility").

The following table highlights our borrowing capacity and outstanding borrowings under the Revolving Credit Facility, our standby letters of credit and our borrowing availability under the Revolving Credit Facility as of July 31, 2015:

	July 31, 2015
Borrowing capacity under the Revolving Credit Facility	$750,000
Less: Outstanding borrowings under the Revolving Credit Facility	400,000
Less: Standby letters of credit*	11,530
Borrowing availability under the Revolving Credit Facility	$338,470

* *Our standby letters of credit relate to securing reserved claims under workers' compensation insurance and reduce our borrowing availability under the Revolving Credit Facility.*

We reduced our borrowings under our Prior Credit Facility by $125,000 in 2013 by making optional payments using excess cash generated from operations. We did not borrow or make any debt payments in 2014. In 2015, we both borrowed and paid down $6,250 under our Prior Credit Facility.

See "Material Commitments" below and Note 5 to our Consolidated Financial Statements for further information on our long-term debt.

The Revolving Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. We presently are and expect to remain in compliance with the Revolving Credit Facility's financial covenants for the remaining term of the facility.

Dividends, Share Repurchases and Share-Based Compensation Awards

Our Revolving Credit Facility imposes restrictions on the amount of dividends we are permitted to pay and the amount of shares we are permitted to repurchase. Under the Revolving Credit Facility, provided there is no default existing and the total of our availability under the Revolving Credit Facility plus our cash and cash equivalents on hand is at least $100,000 (the "cash availability"), we may declare and pay cash dividends on shares of our common stock and repurchase shares of our common stock (1) in an unlimited amount if at the time the dividend or the repurchase is made our consolidated total leverage ratio is 3.00 to 1.00 or less and (2) in an aggregate amount not to exceed $100,000 in any fiscal year if our consolidated total leverage ratio is greater than 3.00 to 1.00 at the time the dividend or repurchase is made; notwithstanding (1) and (2), so long as immediately after giving effect to the payment of any such dividends, cash availability is at least $100,000, we may declare and pay cash dividends on shares of our common stock in an aggregate amount not to exceed in any fiscal year the product of the aggregate amount of dividends declared in the fourth quarter of the immediately preceding fiscal year multiplied by four.

During each of the first three quarters of 2015, we declared a regular quarterly dividend of $1.00 per share of our common stock. Additionally, during the fourth quarter of 2015, we increased our regular quarterly dividend by 10% by declaring a dividend of $1.10 per share and declared a special dividend of $3.00 per share, both payable on August 5, 2015 to shareholders of record on July 17, 2015.

The following table highlights the dividends per share we paid for the last three years:

	2015	2014	2013
Dividends per share paid	$4.00	$3.00	$ 1.90

Our current criteria for share repurchases are that they be accretive to expected net income per share and are within the limits imposed by our Revolving Credit Facility. Subject to the limits imposed by the Revolving Credit Facility and Prior Credit Facility, in 2015, 2014 and 2013, we were authorized by our Board of Directors to repurchase shares at the discretion of management up to $25,000, $50,000 and $100,000, respectively. On September 25, 2015, our Board of Directors extended the $25,000 repurchase authorization for an additional year.

The following table highlights our share repurchases for the last three years:

	2015	2014	2013
Shares of common stock repurchased	—	120,000	44,300
Cost of shares repurchased	$ —	$ 12,473	$ 3,570

In 2015 and 2014, related tax withholding payments on certain share-based compensation awards exceeded proceeds received from the exercise of stock options which resulted in a net use of cash of $4,816 and $8,457, respectively. In 2013, proceeds received from the exercise of share-based compensation awards were $6,454.

Working Capital

In the restaurant industry, substantially all sales are either for cash or third-party credit card. Like many other restaurant companies, we are able to, and often do, operate with negative working capital. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while other restaurant inventories purchased locally are generally financed through trade credit at terms of 30 days or less. Because of our gift shop, which has a lower product turnover than the restaurant, we carry larger inventories than many other companies in the restaurant industry. Retail inventories are generally financed through trade credit at terms of 60 days or less. These various trade terms are aided by rapid turnover of the restaurant inventory. Employees generally are paid on weekly or semi-monthly schedules in arrears for hours worked except for bonuses that are paid either quarterly or annually in arrears. Many other operating expenses have normal trade terms and certain expenses such as certain taxes and some benefits are deferred for longer periods of time.

The following table highlights our working capital:

	2015	2014	2013
Working capital (deficit)	$11,213	$(14,789)	$(13,873)

The change in working capital at July 31, 2015 compared to August 1, 2014 primarily reflected an increase in cash from operations partially offset by an increase in our dividend payable, the timing of payments for accounts payable and lower retail inventories. The change in working capital at August 1, 2014 compared to August 2, 2013 primarily reflected our current maturities on our debt, the increase in our dividend payable, an increase in deferred revenue related to the sales of our gift cards and the current portion of our interest rate swaps partially offset by higher retail inventory and the timing of payments for accounts payable and estimated income taxes.

Off-Balance Sheet Arrangements

Other than various operating leases, which are disclosed more fully in "Material Commitments" below and Notes 2 and 9 to our Consolidated Financial Statements, we have no other material off-balance sheet arrangements.

Material Commitments

Our contractual cash obligations and commitments as of July 31, 2015, are summarized in the tables below:

		Payments due by Year			
Contractual Obligations [a]	Total	2016	2017-2018	2019-2020	After 2020
Revolving Credit Facility [b]	$ 400,000	—	—	$400,000	—
Operating leases [c]	743,090	$ 61,405	$ 93,374	86,028	$ 502,283
Purchase obligations [d]	73,068	44,932	24,875	3,261	—
Other long-term obligations [e]	38,488	1,194	8,506	585	28,203
Total contractual cash obligations	$1,254,646	$107,531	$126,755	$489,874	$ 530,486

		Amount of Commitment Expirations by Year			
	Total	2016	2017-2018	2019-2020	After 2020
Revolving Credit Facility [b]	$ 750,000	—	—	$750,000	—
Standby letters of credit [f]	11,530	—	$ 11,530	—	—
Guarantees [g]	548	$ 117	225	206	—
Total commitments	$ 762,078	$ 117	$ 11,755	$ 750,206	—

(a) At July 31, 2015, the entire liability for uncertain tax positions (including penalties and interest) is classified as a long-term liability. At this time, we are unable to make a reasonably reliable estimate of the amounts and timing of payments in individual years because of uncertainties in the timing of the effective settlement of tax positions. As such, the liability for uncertain tax positions of $35,260 is not included in the contractual cash obligations and commitments table above.

(b) Our Revolving Credit Facility expires on January 8, 2020. Even though the Revolving Credit Facility expires in 2020, we have the intent and ability to refinance our debt to maintain a sufficient amount of outstanding borrowings during the terms of our interest rate swaps that expire in 2021 and 2024. Using projected interest rates, we anticipate having interest payments of $11,985, $26,858, $26,681 and $47,329 in 2016, 2017-2018, 2019-2020 and after 2020, respectively.

The projected interest rates are our fixed rates under our interest rate swaps (see Note 6 to the Consolidated Financial Statements) plus our current credit spread of 1.25%. Based on our outstanding borrowings under our Revolving Credit Facility, our standby letters of credit at July 31, 2015 and our current unused commitment fee as defined in the Revolving Credit Facility, our unused commitment fees in 2016, 2017-2018, and 2019-2020 would be $684, $1,369 and $982, respectively; however, the actual amount will differ based on actual usage of the Revolving Credit Facility in those years.

(c) Includes base lease terms and certain optional renewal periods for which, at the inception of the lease, it is reasonably assured that we will exercise.

(d) Purchase obligations consist of purchase orders for food and retail merchandise; purchase orders for capital expenditures, supplies, other operating needs and other services; and commitments under contracts for maintenance needs and other services. We have excluded contracts that do not contain minimum purchase obligations. We excluded long-term agreements for services and operating needs that can be cancelled within 60 days without penalty. We included long-term agreements and certain retail purchase orders for services and operating needs that can be cancelled with more than 60 days notice without penalty only through the term of the notice. We included long-term agreements for services and operating needs that only can be cancelled in the event of an uncured material breach or with a penalty through the entire term of the contract. Because of the uncertainties of seasonal demands and promotional calendar changes, our best estimate of usage for food, supplies and other operating needs and services is ratably over either the notice period or the remaining life of the contract, as applicable, unless we had better information available at the time related to each contract.

(e) Other long-term obligations include our Non-Qualified Savings Plan ($26,947, with a corresponding long-term asset to fund the liability; see Note 12 to the Consolidated Financial Statements), Deferred Compensation Plan ($2,451) and our long-term incentive plans ($9,090).

(f) Our standby letters of credit relate to securing reserved claims under workers' compensation insurance and reduce our borrowing availability under the Revolving Credit Facility.

(g) Consists solely of guarantees associated with lease payments for one property. We are not aware of any non-performance under this arrangement that would result in us having to perform in accordance with the terms of this guarantee.

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

See Note 2 to the accompanying Consolidated Financial Statements for a discussion of recent accounting guidance not yet adopted. The Company either expects that the accounting guidance will not have a significant impact on the Company's consolidated financial position or results of operations or is currently evaluating the impact of adopting the accounting guidance.

CRITICAL ACCOUNTING ESTIMATES

We prepare our Consolidated Financial Statements in conformity with GAAP. The preparation of these financial statements requires us to make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates and judgments on historical experience, current trends, outside advice from parties believed to be experts in such matters and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. However, because future events and their effects cannot be determined with certainty, actual results could differ from those assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2 to the Consolidated Financial Statements. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. Critical accounting estimates are those that:

- management believes are most important to the accurate portrayal of both our financial condition and operating results; and
- require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We consider the following accounting estimates to be most critical in understanding the judgments that are involved in preparing our Consolidated Financial Statements:

- Impairment of Long-Lived Assets and Provision for Asset Dispositions
- Insurance Reserves
- Retail Inventory Valuation
- Tax Provision
- Share-Based Compensation
- Legal Proceedings

Management has reviewed these critical accounting estimates and related disclosures with the Audit Committee of our Board of Directors.

Impairment of Long-Lived Assets and Provision for Asset Dispositions

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying amount of the asset, the carrying value is written down, for an asset to be held and used, to the estimated fair value or, for an asset to be disposed of, to the fair value, net of estimated costs of disposal. Any loss resulting from impairment is recognized by a charge to income. Judgments and estimates that we make related to the expected useful lives of long-lived assets and future cash flows are affected by factors such as changes in economic conditions and changes in operating performance. The accuracy of such provisions can vary materially from original estimates and management regularly monitors the adequacy of the provisions until final disposition occurs.

We have not made any material changes in our methodology for assessing impairments during the past three years and we do not believe that there is a reasonable likelihood that there will be a material change in the estimates or assumptions used by us to assess impairment of long-lived assets.

However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and fair values of long-lived assets, we may be exposed to losses that could be material.

Insurance Reserves

We self-insure a significant portion of our expected workers' compensation and general liability programs. We purchase insurance for individual workers' compensation claims that exceed $250, $500 or $1,000 depending on the state in which the claim originates. We purchase insurance for individual general liability claims that exceed $500. We record a reserve for workers' compensation and general liability for all unresolved claims and for an estimate of incurred but not reported ("IBNR") claims. These reserves and estimates of IBNR claims are based upon a full scope actuarial study which is performed annually at the end of our third quarter and is adjusted by the actuarially determined losses and actual claims payments for the fourth quarter. Additionally, we perform limited scope actuarial studies on a quarterly basis to verify and/or modify our reserves. The reserves and losses in the actuarial study represent a range of possible outcomes within which no given estimate is more likely than any other estimate. As such, we record the losses in the lower end of that range and discount them to present value using a risk-free interest rate based on projected timing of payments. We also monitor actual claims development, including incurrence or settlement of individual large claims during the interim periods between actuarial studies as another means of estimating the adequacy of our reserves.

Our group health plans combine the use of self-insured and fully-insured programs. Benefits for any individual (employee or dependents) in the self-insured group health program are limited. We record a liability for the self-insured portion of our group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience. We also record a liability for unpaid prescription drug claims based on historical experience. The majority of our fully-insured health insurance plans for calendar 2013 and 2014 contained a retrospective feature which could increase or decrease premiums based on actual claims experience.

Our accounting policies regarding insurance reserves include certain actuarial assumptions and management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. We have not made any material changes in the accounting methodology used to establish our insurance reserves during the past three years and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to calculate the insurance reserves. However, changes in these actuarial assumptions or management judgments in the future may produce materially different amounts of expense that would be reported under these insurance programs.

Retail Inventory Valuation

Cost of goods sold includes the cost of retail merchandise sold at our stores utilizing the retail inventory method ("RIM"). Under RIM, the valuation of our retail inventories is at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value of our inventories. Inherent in the RIM calculation are certain significant management judgments and estimates, including initial markons, markups, markdowns and shrinkage, which may significantly impact the gross margin calculation as well as the ending inventory valuation.

Inventory valuation provisions are included for retail inventory obsolescence and retail inventory shrinkage. Retail inventory is reviewed on a quarterly basis for obsolescence and adjusted as appropriate based on assumptions made by management and judgment regarding inventory aging and future promotional activities. Cost of goods sold includes an estimate of shrinkage that is adjusted upon physical inventory counts. Annual physical inventory counts are conducted throughout the third and fourth quarters based upon a cyclical inventory schedule. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a three-year average of the physical inventories' results on a store-by-store basis.

We have not made any material changes in the methodologies, estimates or assumptions related to our merchandise inventories during the past three years and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions in the future. However, actual obsolescence or shrinkage recorded may produce materially different amounts than we have estimated.

Tax Provision

We must make estimates of certain items that comprise our income tax provision. These estimates include effective state and local income tax rates, employer tax credits for items such as FICA taxes paid on employee tip income and the Work Opportunity credit, as well as estimates related to certain depreciation and capitalization policies. Our estimates are made based on current tax laws, the best available information at the time of the provision and historical experience.

We recognize (or derecognize) a tax position taken or expected to be taken in a tax return in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained (or not sustained) upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

We file our income tax returns many months after our year end. These returns are subject to audit by various federal and state governments years after the returns are filed and could be subject to differing interpretations of the tax laws. We then must assess the likelihood of successful legal proceedings or reach a settlement with the relevant taxing authority. Although we believe that the judgments and estimates used in establishing our tax provision are reasonable, an unsuccessful legal proceeding or a settlement could result in material adjustments to our Consolidated Financial Statements and our consolidated financial position.

Share-Based Compensation

Our share-based compensation primarily consists of nonvested stock awards and performance-based market stock units ("MSU Grants"). Share-based compensation expense is recognized based on the grant date fair value and the achievement of performance conditions for certain awards. We recognize share-based compensation expense on a straight-line basis over the requisite service period, which is generally the award's vesting period, or the date on which retirement eligibility is achieved, if shorter.

Compensation expense is recognized for only the portion of our share-based compensation awards that are expected to vest. Therefore, an estimated forfeiture rate is derived from historical employee termination behavior and is updated annually. The forfeiture rate is applied on a straight-line basis over the service (vesting) period and we update the estimated forfeiture rate to actual at each reporting period.

Beginning in 2014, our share-based compensation awards accrue dividends. Dividends will be forfeited for any share-based compensation awards that do not vest.

Our nonvested stock awards are time vested except for awards under our long-term incentive plans which also contain performance conditions. At each reporting period, we reassess the probability of achieving the performance conditions under our long-term incentive plans. Determining whether the performance conditions will be achieved involves judgment and the estimate of expense for nonvested stock awards may be revised periodically based on changes in our determination of the probability of achieving the performance conditions. Revisions are reflected in the period in which the estimate is changed. If any performance conditions are not met, no shares will be granted, no compensation will ultimately be recognized and, to the extent previously recognized, compensation expense will be reversed.

Generally, the fair value of each nonvested stock award which does not accrue dividends is equal to the market price of our stock at the date of grant reduced by the present value of expected dividends to be paid prior to the vesting period, discounted using an appropriate risk-free interest rate.

Other nonvested stock awards accrue dividends and their fair value is equal to the market price of our stock at the date of grant.

In addition to providing the requisite service, MSU Grants contain both a market condition, total shareholder return, and a performance condition. Total shareholder return is defined as the change in our stock price plus dividends paid during the performance period. The number of shares awarded at the end of the performance period will vary in direct proportion to a target number of shares set at the beginning of the period, up to a maximum of 150% of target, based on the change in our cumulative total shareholder return over the period. The probability of the actual shares expected to be awarded is considered in the grant date valuation; therefore, the expense will not be adjusted to reflect the actual units awarded. However, if the performance condition is not met, no shares will be granted, no compensation will ultimately be recognized and, to the extent previously recognized, compensation expense will be reversed.

The fair value of our MSU Grants was determined using the Monte-Carlo simulation model, which simulates a range of possible future stock prices and estimates the probabilities of the potential payouts. The Monte-Carlo simulation model uses the average prices for the 60-consecutive calendar days beginning 30 days prior to and ending 30 days after the first business day of the performance period. This model also incorporates the following ranges of assumptions:

- The expected volatility is a blend of implied volatility based on market-traded options on our stock and historical volatility of our stock over the period commensurate with the three-year performance period.
- The risk-free interest rate is based on the U.S. Treasury rate assumption commensurate with the three-year performance period.
- The expected dividend yield is based on our current dividend yield as the best estimate of projected dividend yield for periods within the three-year performance period.

We update the historical and implied components of the expected volatility assumption when new grants are made.

We have not made any material changes in our estimates or assumptions used to determine share-based compensation during the past three years. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to determine share-based compensation expense. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to changes in share-based compensation expense that could be material.

Legal Proceedings

We are parties to various legal and regulatory proceedings and claims incidental to our business from time to time. We review outstanding claims and proceedings internally and with external counsel, as necessary and appropriate, to assess probability of loss and for the ability to estimate loss. These assessments are re-evaluated each quarter or as new information becomes available to determine whether a reserve should be established or if any existing reserve should be adjusted. The actual cost of resolving a claim or proceeding ultimately may be substantially different than the amount of the recorded reserve. Although we believe that the judgments and estimates used in establishing our legal reserves are reasonable, an unsuccessful legal proceeding or a settlement could result in material adjustments to our Consolidated Financial Statements and our consolidated financial position (see Note 15 to our Consolidated Financial Statements and "Item 3. Legal Proceedings" of Part I of this Annual Report on Form 10-K for further information).

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, such as changes in interest rates and commodity prices. We do not hold or use derivative financial instruments for trading purposes.

Interest Rate Risk. We have interest rate risk relative to our outstanding borrowings under our credit facility. At both July 31, 2015 and August 1, 2014, our outstanding borrowings totaled $400,000 (see Note 5 to our Consolidated Financial Statements). Loans under our credit facility bear interest, at our election, either at the prime rate or LIBOR plus a percentage point spread based on certain specified financial ratios. Our policy has been to manage interest cost using a mix of fixed and variable rate debt (see Notes 5, 6 and 9 to our Consolidated Financial Statements). To manage this risk in a cost efficient manner, we have entered into interest rate swaps. A summary of our interest rate swaps at July 31, 2015 is as follows:

Trade Date	Effective Date	Term (in Years)	Notional Amount	Fixed Rate
July 25, 2011	May 3, 2013	3	$50,000	2.45%
December 7, 2011	May 3, 2013	3	50,000	1.40%
March 18, 2013	May 3, 2015	3	50,000	1.51%
April 8, 2013	May 3, 2015	2	50,000	1.05%
April 15, 2013	May 3, 2015	2	50,000	1.03%
April 22, 2013	May 3, 2015	3	25,000	1.30%
April 25, 2013	May 3, 2015	3	25,000	1.29%
June 18, 2014	May 3, 2015	4	40,000	2.51%
June 24, 2014	May 3, 2015	4	30,000	2.51%
July 1, 2014	May 5, 2015	4	30,000	2.43%
January 30, 2015	May 3, 2019	2	80,000	2.15%
January 30, 2015	May 3, 2019	2	60,000	2.16%
January 30, 2015	May 4, 2021	3	120,000	2.41%
January 30, 2015	May 3, 2019	2	60,000	2.15%
January 30, 2015	May 4, 2021	3	80,000	2.40%

The notional amount for the interest rate swap entered into on June 18, 2014 increases by $40,000 each May over the four-year term of the interest rate swap beginning in May 2016 until the notional amount reaches $160,000 in May 2018. The notional amounts for the interest rate swaps entered into on June 24, 2014 and July 1, 2014 increase by $30,000 each May over the four-year terms of the interest rate swaps beginning in May 2016 until the notional amounts each reach $120,000 in May 2018.

At July 31, 2015 and August 1, 2014, our outstanding borrowings were swapped at a weighted average interest rate of 2.96% and 3.73%, respectively, which are the weighted average fixed rates of our interest rate swaps plus our current credit spread. See Note 6 to our Consolidated Financial Statements for further discussion of our interest rate swaps.

Commodity Price Risk. Many of the food products that we purchase are affected by commodity pricing and are, therefore, subject to price volatility caused by market conditions, weather, production problems, delivery difficulties and other factors which are outside our control and which are generally unpredictable.

The following table highlights the five food categories which accounted for the largest shares of our food purchases in 2015 and 2014:

	Percentage of Food Purchases	
	2015	2014
Beef	15%	13%
Dairy (including eggs)	13%	12%
Fruits and vegetables	12%	12%
Pork	11%	11%
Poultry	10%	11%

Other categories affected by the commodities markets, such as grains and seafood, may each account for as much as 8% of our food purchases. While some of our food items are produced to our proprietary specifications, our food items are based on generally available products, and if any existing suppliers fail, or are unable to deliver in quantities required by us, we believe that there are sufficient other quality suppliers in the marketplace that our sources of supply can be replaced as necessary to allow us to avoid any material adverse effects that could be caused by such unavailability. We also recognize, however, that commodity pricing is extremely volatile and can change unpredictably even over short periods of time. Changes in commodity prices would affect us and our competitors generally, and depending on the terms and duration of supply contracts, sometimes simultaneously. We enter into contracts for certain of our products in an effort to minimize volatility of supply and pricing. In many cases, or over the longer term, we believe we will be able to pass through some or much of the increased commodity costs by adjusting our menu pricing. From time to time, competitive circumstances, or judgments about consumer acceptance of price increases, may limit menu price flexibility, and in those circumstances, increases in commodity prices can result in lower margins.

Management's Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act). We maintain a system of internal controls that is designed to provide reasonable assurance in a cost-effective manner as to the fair and reliable preparation and presentation of the consolidated financial statements, as well as to safeguard assets from unauthorized use or disposition.

Our control environment is the foundation for our system of internal control over financial reporting and is embodied in our Corporate Governance Guidelines, our Financial Code of Ethics, and our Code of Business Conduct and Ethics, all of which may be viewed on our website. They set the tone for our organization and include factors such as integrity and ethical values. Our internal control over financial reporting is supported by formal policies and procedures, which are reviewed, modified and improved as changes occur in business conditions and operations. Neither our disclosure controls and procedures nor our internal controls, however, can or will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. We have concluded that our internal control over financial reporting was effective as of July 31, 2015, based on these criteria.

In addition, Deloitte & Touche LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting, which is included herein.

Sandra B. Cochran
President and Chief Executive Officer

Lawrence E. Hyatt
Senior Vice President and Chief Financial Officer

Report Of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Cracker Barrel Old Country Store, Inc.

Lebanon, Tennessee

We have audited the accompanying consolidated balance sheets of Cracker Barrel Old Country Store, Inc. and its subsidiaries (the "Company") as of July 31, 2015 and August 1, 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three fiscal years in the period ended July 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Cracker Barrel Old Country Store, Inc. and its subsidiaries as of July 31, 2015 and August 1, 2014, and the results of their operations and their cash flows for each of the three fiscal years in the period ended July 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of July 31, 2015, based on the criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 28, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Nashville, Tennessee
September 28, 2015

Report Of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Cracker Barrel Old Country Store, Inc.

Lebanon, Tennessee

We have audited the internal control over financial reporting of Cracker Barrel Old Country Store, Inc. and its subsidiaries (the "Company") as of July 31, 2015, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 31, 2015, based on the criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended July 31, 2015, and our report dated September 28, 2015, expressed an unqualified opinion on those consolidated financial statements.

Deloitte & Touche LLP

Nashville, Tennessee
September 28, 2015

Consolidated Balance Sheets

(In thousands except share data)

	July 31, 2015	August 1, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 265,455	$ 119,361
Accounts receivable	18,050	22,704
Income taxes receivable	—	2,973
Inventories	153,058	165,426
Prepaid expenses and other current assets	14,167	11,997
Deferred income taxes	6,094	7,188
Total current assets	456,824	329,649
Property and Equipment:		
Land	303,267	303,933
Buildings and improvements	788,641	767,149
Buildings under capital leases	3,289	3,289
Restaurant and other equipment	541,409	506,323
Leasehold improvements	286,990	271,049
Construction in progress	7,464	15,378
Total	1,931,060	1,867,121
Less: Accumulated depreciation and amortization of capital leases	878,424	823,837
Property and equipment – net	1,052,636	1,043,284
Other assets	66,748	59,315
Total	$1,576,208	$1,432,248
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 133,117	$ 98,477
Current maturities of long-term debt	—	25,000
Taxes withheld and accrued	39,061	36,261
Accrued employee compensation	67,421	60,933
Accrued employee benefits	27,717	26,050
Deferred revenues	58,980	49,825
Dividend payable	98,796	23,838
Current interest rate swap liability	1,117	4,704
Other current liabilities	19,402	19,350
Total current liabilities	445,611	344,438
Long-term debt	400,000	375,000
Long-term interest rate swap liability	8,704	3,239
Other long-term obligations	133,594	123,221
Deferred income taxes	50,031	57,709
Commitments and Contingencies (Notes 9 and 15)		
Shareholders' Equity:		
Preferred stock – 100,000,000 shares of $.01 par value authorized; 300,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued	—	—
Common stock – 400,000,000 shares of $.01 par value authorized; 2015 – 23,975,755 shares issued and outstanding; 2014 – 23,821,227 shares issued and outstanding	240	238
Additional paid-in capital	56,066	39,969
Accumulated other comprehensive loss	(3,725)	(4,733)
Retained earnings	485,687	493,167
Total shareholders' equity	538,268	528,641
Total	$1,576,208	$1,432,248

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income

(In thousands except share data)

	Fiscal years ended July 31, 2015	August 1, 2014	August 2, 2013
Total revenue	$ 2,842,284	$ 2,683,677	$ 2,644,630
Cost of goods sold (exclusive of depreciation and rent)	924,171	872,758	854,684
Labor and other related expenses	992,382	966,593	962,559
Other store operating expenses	523,307	506,533	482,601
Store operating income	402,424	337,793	344,786
General and administrative expenses	147,544	129,387	143,262
Operating income	254,880	208,406	201,524
Interest expense	16,679	17,557	35,742
Income before income taxes	238,201	190,849	165,782
Provision for income taxes	74,298	58,721	48,517
Net income	$ 163,903	$ 132,128	$ 117,265
Net income per share – basic	$ 6.85	$ 5.55	$ 4.95
Net income per share – diluted	$ 6.82	$ 5.51	$ 4.90
Basic weighted average shares outstanding	23,918,368	23,817,768	23,708,875
Diluted weighted average shares outstanding	24,048,924	23,966,015	23,948,321

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(In thousands)

	Fiscal years ended July 31, 2015	August 1, 2014	August 2, 2013
Net income	$ 163,903	$ 132,128	$ 117,265
Other comprehensive income before income tax expense:			
Change in fair value of interest rate swaps	1,641	3,058	23,620
Income tax expense	633	1,179	9,074
Other comprehensive income, net of tax	1,008	1,879	14,546
Comprehensive income	$ 164,911	$ 134,007	$ 131,811

See Notes to Consolidated Financial Statements.

Consolidated Statements Of Changes in Shareholders' Equity

(In thousands except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balances at August 3, 2012	23,473,024	$234	$ 28,676	$(21,158)	$374,923	$382,675
Comprehensive Income:						
Net income	—	—	—	—	117,265	117,265
Other comprehensive income, net of tax	—	—	—	14,546	—	14,546
Total comprehensive income	—	—	—	14,546	117,265	131,811
Cash dividends declared – $2.25 per share	—	—	—	—	(53,515)	(53,515)
Share-based compensation	—	—	17,839	—	—	17,839
Issuance of share-based compensation awards, net of shares withheld for employee taxes	366,603	4	6,450	—	—	6,454
Tax benefit realized upon exercise of share-based compensation awards	—	—	2,332	—	—	2,332
Purchases and retirement of common stock	(44,300)	(1)	(3,569)	—	—	(3,570)
Balances at August 2, 2013	23,795,327	237	51,728	(6,612)	438,673	484,026
Comprehensive Income:						
Net income	—	—	—	—	132,128	132,128
Other comprehensive income, net of tax	—	—	—	1,879	—	1,879
Total comprehensive income	—	—	—	1,879	132,128	134,007
Cash dividends declared - $3.25 per share	—	—	—	—	(77,634)	(77,634)
Share-based compensation	—	—	7,924	—	—	7,924
Issuance of share-based compensation awards, net of shares withheld for employee taxes	145,900	2	(8,459)	—	—	(8,457)
Tax benefit realized upon exercise of share-based compensation awards	—	—	1,248	—	—	1,248
Purchases and retirement of common stock	(120,000)	(1)	(12,472)	—	—	(12,473)
Balances at August 1, 2014	23,821,227	238	39,969	(4,733)	493,167	528,641
Comprehensive Income:						
Net income	—	—	—	—	163,903	163,903
Other comprehensive income, net of tax	—	—	—	1,008	—	1,008
Total comprehensive income	—	—	—	1,008	163,903	164,911
Cash dividends declared - $7.10 per share	—	—	—	—	(171,383)	(171,383)
Share-based compensation	—	—	16,210	—	—	16,210
Issuance of share-based compensation awards, net of shares withheld for employee taxes	154,528	2	(4,818)	—	—	(4,816)
Tax benefit realized upon exercise of share-based compensation awards	—	—	4,705	—	—	4,705
Purchases and retirement of common stock	—	—	—	—	—	—
Balances at July 31, 2015	23,975,755	$240	$ 56,066	$ (3,725)	$485,687	$538,268

See Notes to Consolidated Financial Statements.

Consolidated Statements Of Cash Flows

(In thousands)

	Fiscal years ended July 31, 2015	August 1, 2014	August 2, 2013
Cash flows from operating activities:			
Net income	$163,903	$132,128	$117,265
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	72,955	68,389	66,120
Loss on disposition of property and equipment	6,872	5,163	4,057
Share-based compensation	16,210	7,924	17,839
Excess tax benefit from share-based compensation	(4,705)	(1,248)	(2,332)
Changes in assets and liabilities:			
Accounts receivable	4,654	(6,762)	(1,333)
Income taxes receivable	2,973	(1,725)	—
Inventories	12,368	(18,739)	(3,420)
Prepaid expenses and other current assets	(2,170)	651	(1,243)
Other assets	(1,659)	(1,701)	(1,033)
Accounts payable	34,640	(12,160)	9,366
Taxes withheld and accrued	2,800	1,185	(4,628)
Accrued employee compensation	6,485	(1,847)	(4,143)
Accrued employee benefits	1,667	1,573	(2,069)
Deferred revenues	9,155	5,727	6,402
Other current liabilities	4,034	(1,960)	6,628
Other long-term obligations	11,090	3,865	5,895
Deferred income taxes	(7,217)	(2,838)	(4,872)
Net cash provided by operating activities	334,055	177,625	208,499
Cash flows from investing activities:			
Purchase of property and equipment	(90,855)	(91,646)	(74,417)
Proceeds from insurance recoveries of property and equipment	365	1,082	456
Proceeds from sale of property and equipment	1,876	1,749	555
Net cash used in investing activities	(88,614)	(88,815)	(73,406)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	406,250	—	—
(Taxes withheld) and proceeds from issuance of share-based compensation awards, net	(4,816)	(8,457)	6,454
Principal payments under long-term debt and other long-term obligations	(406,250)	(1)	(125,153)
Purchases and retirement of common stock	—	(12,473)	(3,570)
Deferred financing costs	(3,537)	—	—
Dividends on common stock	(95,699)	(71,484)	(45,400)
Excess tax benefit from share-based compensation	4,705	1,248	2,332
Net cash used in financing activities	(99,347)	(91,167)	(165,337)
Net increase (decrease) in cash and cash equivalents	146,094	(2,357)	(30,244)
Cash and cash equivalents, beginning of year	119,361	121,718	151,962
Cash and cash equivalents, end of year	$265,455	$119,361	$121,718
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized	$ 15,356	$ 15,856	$ 29,959
Income taxes	69,948	66,444	47,550
Supplemental schedule of non-cash investing and financing activities:			
Capital expenditures accrued in accounts payable	$ 5,800	$ 5,767	$ 6,852
Change in fair value of interest rate swaps	1,641	3,058	23,620
Change in deferred tax asset for interest rate swaps	(633)	(1,179)	(9,074)
Dividends declared but not yet paid	99,678	23,997	17,847

See Notes to Consolidated Financial Statements.

(In thousands except share data)

1 DESCRIPTION OF THE BUSINESS

Cracker Barrel Old Country Store, Inc. and its affiliates (collectively, in the Notes, the "Company") are principally engaged in the operation and development in the United States ("U.S.") of the Cracker Barrel Old Country Store® ("Cracker Barrel") concept.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GAAP – The accompanying Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP").

Fiscal year – The Company's fiscal year ends on the Friday nearest July 31st and each quarter consists of thirteen weeks unless noted otherwise. References in these Notes to a year or quarter are to the Company's fiscal year or quarter unless noted otherwise.

Principles of consolidation – The Consolidated Financial Statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All significant intercompany transactions and balances have been eliminated.

Cash and cash equivalents – The Company's policy is to consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable – Accounts receivable represent their estimated net realizable value. Accounts receivable are written off when they are deemed uncollectible.

Inventories – Inventories are stated at the lower of cost or market. Cost of restaurant inventory is determined by the first-in, first-out ("FIFO") method. Retail inventories are valued using the retail inventory method ("RIM") except at the retail distribution center which uses average cost. Approximately 70% to 75% of retail inventories are valued using RIM and the remaining retail inventories are valued using an average cost method. See Note 4 for additional information regarding the components of inventory.

Valuation provisions are included for retail inventory obsolescence, retail inventory shrinkage, returns and amortization of certain items. Cost of goods sold includes an estimate of retail inventory shrinkage that is adjusted upon physical inventory counts. Annual physical inventory counts are conducted throughout the third and fourth quarters based upon a cyclical inventory schedule. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a three-year average of the physical inventories' results on a store-by-store basis.

Property and equipment – Property and equipment are stated at cost. For financial reporting purposes, depreciation and amortization on these assets are computed by use of the straight-line and double-declining balance methods over the estimated useful lives of the respective assets, as follows:

	Years
Buildings and improvements	30-45
Buildings under capital leases	15-25
Restaurant and other equipment	2-10
Leasehold improvements	1-35

Accelerated depreciation methods are generally used for income tax purposes.

Total depreciation expense and depreciation expense related to store operations for each of the three years are as follows:

	2015	2014	2013
Total depreciation expense	$72,390	$67,620	$65,351
Depreciation expense related to store operations*	66,754	62,746	60,574

* *Depreciation expense related to store operations is included in other store operating expenses in the Consolidated Statements of Income.*

Gain or loss is recognized upon disposal of property and equipment. The asset and related accumulated depreciation and amortization amounts are removed from the accounts.

Maintenance and repairs, including the replacement of minor items, are charged to expense and major additions to property and equipment are capitalized.

Impairment of long-lived assets – The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying value of the asset, the carrying value is written down, for an asset to be held and used, to the estimated fair value or, for an asset to be disposed of, to the fair value, net of estimated costs of disposal. Any loss resulting from impairment is recognized by a charge to income.

Derivative instruments and hedging activities – The Company is exposed to market risk, such as changes in interest rates and commodity prices. The Company has interest rate risk relative to its outstanding borrowings, which bear interest at the Company's election either at the prime rate or LIBOR plus a percentage point spread based on certain specified financial ratios under its credit facility (see Note 5). The Company's policy has been to manage interest cost using a mix of fixed and variable rate debt. To manage this risk in a cost efficient manner, the Company uses derivative instruments, specifically interest rate swaps.

Companies may elect whether or not to offset related assets and liabilities and report the net amount on their financial statements if the right of setoff exists. Under a master netting agreement, the Company has the legal right to offset the amounts owed to the Company against amounts owed by the Company under a derivative instrument that exists between the Company and a counterparty. When the Company is engaged in more than one outstanding derivative transaction with the same counterparty and also has a legally enforceable master netting agreement with that counterparty, its credit risk exposure is based on the net exposure under the master netting agreement. If, on a net basis, the Company owes the counterparty, the Company regards its credit exposure to the counterparty as being zero.

The Company does not hold or use derivative instruments for trading purposes. The Company also does not have any derivatives not designated as hedging instruments and has not designated any non-derivatives as hedging instruments. See Note 6 for additional information on the Company's derivative and hedging activities.

Segment reporting – Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Utilizing these criteria, the Company manages its business on the basis of one reportable operating segment (see Note 8 for additional information regarding segment reporting).

Revenue recognition – The Company records revenue from the sale of products as they are sold. The Company provides for estimated returns based on return history and sales levels. The Company's policy is to present sales in the Consolidated Statements of Income on a net presentation basis after deducting sales tax.

Unredeemed gift cards and certificates – Unredeemed gift cards and certificates represent a liability of the Company related to unearned income and are recorded at their expected redemption value. No revenue is recognized in connection with the point-of-sale transaction when gift cards or gift certificates are sold. For those states that exempt gift cards and certificates from their escheat laws, the Company makes estimates of the ultimate unredeemed ("breakage") gift cards and certificates in the period of the original sale and amortizes this breakage over the redemption period that other gift cards and certificates historically have been redeemed by reducing its liability and recording revenue accordingly. For those states that do not exempt gift cards and certificates from their escheat laws, the Company records breakage in the period that gift cards and certificates are remitted to the state and reduces its liability accordingly. Any amounts remitted to states under escheat or similar laws reduce the Company's deferred revenue liability and have no effect on revenue or expense while any amounts that the Company is permitted to retain are recorded as revenue.

Insurance – The Company self-insures a significant portion of its workers' compensation and general liability programs. The Company purchases insurance for individual workers' compensation claims that exceed $250, $500 or $1,000 depending on the state in which the claim originates. The Company purchases insurance for individual general liability claims that exceed $500.

The Company records a reserve for workers' compensation and general liability for all unresolved claims and for an estimate of incurred but not reported claims ("IBNR"). These reserves and estimates of IBNR claims are based upon a full scope actuarial study which is performed annually at the end of the Company's third quarter and is adjusted by the actuarially determined losses and actual claims payments for the fourth quarter. Additionally, the Company performs limited scope actuarial studies on a quarterly basis to verify and/or modify the Company's reserves. The reserves and losses in the actuarial study represent a range of possible outcomes within which no given estimate is more likely than any other estimate. As such, the Company records the losses at the lower end of that range and discounts them to present value using a risk-free interest rate based on projected timing of payments. The Company also monitors actual claims development, including incurrence or settlement of individual large claims during the interim periods between actuarial studies as another means of estimating the adequacy of its reserves.

The Company's group health plans combine the use of self-insured and fully-insured programs. Benefits for any individual (employee or dependents) in the self-insured program are limited. The Company records a liability for the self-insured portion of its group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience. The Company also records a liability for unpaid prescription drug claims based on historical experience. The fully-insured portion of the Company's calendar 2013 and 2014 health insurance program contains a retrospective feature which could increase or decrease premiums based on actual claims experience.

Store pre-opening costs – Start-up costs of a new store are expensed when incurred, with the exception of rent expense under operating leases, in which the straight-line rent includes the pre-opening period during construction, as explained further under the "Leases" section in this Note.

Leases – The Company's leases are classified as either capital or operating leases. The Company has ground leases and office space leases that are recorded as operating leases. The Company also leases its advertising billboards which are recorded as operating leases. A majority of the Company's lease agreements provide renewal options and some of these options contain rent escalation clauses. Additionally, some of the leases have rent holiday and contingent rent provisions. During rent holiday periods, which include the pre-opening period during construction, the Company has possession of and access to the property, but is not obligated to, and normally does not, make rent payments. Contingent rent is determined as a percentage of gross sales in excess of specified levels. The Company records a contingent rent liability and corresponding rent expense when it is probable sales have been achieved in amounts in excess of the specified levels.

The liabilities under these leases are recognized on the straight-line basis over the shorter of the useful life, with a maximum of 35 years, or the related lease life.

The Company uses a lease life that generally begins on the date that the Company becomes legally obligated under the lease, including the rent holiday periods, and generally extends through certain renewal periods that can be exercised at the Company's option, for which at the inception of the lease, it is reasonably assured that the Company will exercise those renewal options. This lease period is consistent with the period over which leasehold improvements are amortized.

Advertising – The Company expenses the costs of producing advertising the first time the advertising takes place. Other advertising costs are expensed as incurred.

Advertising expense for each of the three years was as follows:

	2015	2014	2013
Advertising expense	$68,665	$63,707	$59,957

Share-based compensation – The Company's share-based compensation consists of nonvested stock, performance-based market stock units ("MSU Grants") and stock options. Share-based compensation is recorded in general and administrative expenses in the Consolidated Statements of Income. Share-based compensation expense is recognized based on the grant date fair value and the achievement of performance conditions for certain awards. The Company recognizes share-based compensation expense on a straight-line basis over the requisite service period, which is generally the award's vesting period, or to the date on which retirement eligibility is achieved, if shorter.

Certain nonvested stock awards and the Company's MSU Grants contain performance conditions. Compensation expense for performance-based awards is recognized when it is probable that the performance criteria will be met. If any performance goals are not met, no compensation expense is ultimately recognized and, to the extent previously recognized, compensation expense is reversed.

If a share-based compensation award is modified after the grant date, incremental compensation expense is recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Incremental compensation expense for vested awards is recognized immediately. For unvested awards, the sum of the incremental compensation expense and the remaining unrecognized compensation expense for the original award on the modification date is recognized over the modified service period.

Additionally, the Company's policy is to issue shares of common stock to satisfy exercises of share-based compensation awards.

Income taxes – The Company's provision for income taxes includes employer tax credits for FICA taxes paid on employee tip income and other employer tax credits are accounted for by the flow-through method. 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. The Company recognizes (or derecognizes) a tax position taken or expected to be taken in a tax return in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained (or not sustained) upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company recognizes, net of tax, interest and estimated penalties related to uncertain tax positions in its provision for income taxes. See Note 13 for additional information regarding income taxes.

Comprehensive income – Comprehensive income includes net income and the effective unrealized portion of the changes in the fair value of the Company's interest rate swaps.

Net income per share – Basic consolidated net income per share is computed by dividing consolidated net income to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted consolidated net income 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 and is based upon the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares related to stock options, nonvested stock awards and MSU Grants issued by the Company are calculated using the treasury stock method. Outstanding employee and director stock options, nonvested stock awards and MSU Grants issued by the Company represent the only dilutive effects on diluted consolidated net income per share. See Note 14 for additional information regarding net income per share.

Use of estimates – Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods to prepare these Consolidated Financial Statements in conformity with GAAP. Management believes that such estimates have been based on reasonable and supportable assumptions and that the resulting estimates are reasonable for use in the preparation of the Consolidated Financial Statements. Actual results, however, could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

In April 2014, the FASB issued accounting guidance which changes the criteria for disposals to qualify as discontinued operations and requires new disclosures about disposals of both discontinued operations and certain other disposals that do not meet the new definition. This accounting guidance is effective for fiscal years beginning on or after December 15, 2014 and interim periods within those years on a prospective basis. This accounting guidance is not expected to have a significant impact on the Company's consolidated financial position or results of operations upon adoption in the first quarter of 2016.

Revenue Recognition

In May 2014, the FASB issued accounting guidance which clarifies the principles for recognizing revenue and provides a comprehensive model for revenue recognition. Revenue recognition should depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This accounting guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those years. Early application is permitted for fiscal years beginning after December 15, 2016. A company may apply this accounting guidance either retrospectively or using the cumulative effect transition method. The Company is currently evaluating the impact of adopting this accounting guidance in the first quarter of 2019.

Debt Issuance Costs

In April 2015, the FASB issued accounting guidance which requires debt issuance costs to be presented in the balance sheet as a reduction of the related debt liability rather than as an asset. This accounting guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those years on a retrospective basis. Early application is permitted. Since this accounting guidance does not provide guidance on debt issuance costs related to revolving debt agreements, this accounting guidance is not expected to have a significant impact on the Company's consolidated financial position or results of operations upon adoption in the first quarter of 2017.

Inventory

In July 2015, the FASB issued accounting guidance which requires companies to measure certain inventory at the lower of cost and net realizable value. This accounting guidance does not apply to inventories measured by using either the last-in, first-out method or the retail inventory method. This accounting guidance is effective for fiscal years beginning after December 15, 2016, and interim periods within those years on a prospective basis. Early application is permitted. The Company is currently evaluating the impact of adopting this accounting guidance in the first period of 2018.

3 FAIR VALUE MEASUREMENTS

Fair value for certain of the Company's assets and liabilities is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a three level hierarchy for inputs is used. These levels are:

- Quoted Prices in Active Markets for Identical Assets ("Level 1") – quoted prices (unadjusted) for an identical asset or liability in an active market.
- Significant Other Observable Inputs ("Level 2") – quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Significant Unobservable Inputs ("Level 3") – unobservable and significant to the fair value measurement of the asset or liability.

The Company's assets and liabilities measured at fair value on a recurring basis at July 31, 2015 were as follows:

	Level 1	Level 2	Level 3	Fair Value
Cash equivalents*	$191,084	$ —	$ —	$191,084
Interest rate swap asset (see Note 6)	—	3,759	—	3,759
Deferred compensation plan assets**	26,947	—	—	26,947
Total assets at fair value	$218,031	$3,759	$ —	$221,790
Interest rate swap liability (see Note 6)	$ —	$9,821	$ —	$ 9,821
Total liabilities at fair value	$ —	$9,821	$ —	$ 9,821

The Company's assets and liabilities measured at fair value on a recurring basis at August 1, 2014 were as follows:

	Level 1	Level 2	Level 3	Fair Value
Cash equivalents*	$ 63,068	$ —	$ —	$ 63,068
Interest rate swap asset (see Note 6)	—	240	—	240
Deferred compensation plan assets**	25,322	—	—	25,322
Total assets at fair value	$ 88,390	$ 240	$ —	$ 88,630
Interest rate swap liability (see Note 6)	$ —	$7,943	$ —	$ 7,943
Total liabilities at fair value	$ —	$7,943	$ —	$ 7,943

**Consists of money market fund investments.*

***Represents plan assets invested in mutual funds established under a Rabbi Trust for the Company's non-qualified savings plan and is included in the Consolidated Balance Sheets as other assets (see Note 12).*

The Company's money market fund investments and deferred compensation plan assets are measured at fair value using quoted market prices. The fair values of the Company's interest rate swap asset and liabilities are determined based on the present value of expected future cash flows. Since the Company's interest rate swap values are based on the LIBOR forward curve, which is observable at commonly quoted intervals for the full terms of the swaps, it is considered a Level 2 input. Nonperformance risk is reflected in determining the fair value of the interest rate swaps by using the Company's credit spread less the risk-free interest rate, both of which are observable at commonly quoted intervals for the terms of the swaps. Thus, the adjustment for nonperformance risk is also considered a Level 2 input.

The fair values of accounts receivable and accounts payable at July 31, 2015 and August 1, 2014, approximate their carrying amounts because of their short duration. The fair value of the Company's variable rate debt, based on quoted market prices, which are considered Level 1 inputs, approximates its carrying amounts at July 31, 2015 and August 1, 2014.

4 INVENTORIES

Inventories were comprised of the following at:

	July 31, 2015	August 1, 2014
Retail	$115,777	$128,386
Restaurant	22,212	22,371
Supplies	15,069	14,669
Total	$153,058	$165,426

5 DEBT

On January 8, 2015, the Company entered into a five-year $750,000 revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility replaced a term loan totaling $181,250 and a $218,750 revolving credit facility (the "Prior Credit Facility"). In the second quarter of 2015, loan acquisition costs associated with the Revolving Credit Facility were capitalized in the amount of $3,537 and will be amortized over the five-year term of the Revolving Credit Facility. Loan acquisition costs of $412 associated with the Prior Credit Facility were written off in the second quarter of 2015 and are recorded in interest expense in the Consolidated Statement of Income.

Long-term debt consisted of the following at:

	July 31, 2015	August 1, 2014
Revolving Credit Facility expiring on January 8, 2020	$400,000	$ —
Revolving Credit Facility expiring on July 8, 2016	—	212,500
Term loan payable on or before July 8, 2016	—	187,500
	400,000	400,000
Current maturities	—	25,000
Long-term debt	$400,000	$375,000

At July 31, 2015, the Company had $11,530 of standby letters of credit, which reduce the Company's borrowing availability under the Revolving Credit Facility (see Note 15). At July 31, 2015, the Company had $338,470 in borrowing availability under the Revolving Credit Facility.

In accordance with the Revolving Credit Facility, outstanding borrowings bear interest, at the Company's election, either at LIBOR or prime plus a percentage point spread based on certain specified financial ratios. At July 31, 2015 and August 1, 2014, the Company's outstanding borrowings were swapped at a weighted average interest rates of 2.96% and 3.73%, respectively (see Note 6 for information on the Company's interest rate swaps).

The Revolving Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. At July 31, 2015 and August 1, 2014, the Company was in compliance with all debt covenants.

The Revolving Credit Facility also imposes restrictions on the amount of dividends the Company is permitted to pay and the amount of shares the Company is permitted to repurchase. Under the Revolving Credit Facility, provided there is no default existing and the total of the Company's availability under the Revolving Credit Facility plus the Company's cash and cash equivalents on hand is at least $100,000 (the "cash availability"), the Company may declare and pay cash dividends on shares of its common stock and repurchase shares of its common stock (1) in an unlimited amount if at the time such dividend or repurchase is made the Company's consolidated total leverage ratio is 3.00 to 1.00 or less and (2) in an aggregate amount not to exceed $100,000 in any fiscal year if the Company's consolidated total leverage ratio is greater than 3.00 to 1.00 at the time the dividend or repurchase is made; notwithstanding (1) and (2), so long as immediately after giving effect to the payment of any such dividends, cash availability is at least $100,000, the Company may declare and pay cash dividends on shares of its common stock in an aggregate amount not to exceed in any fiscal year the product of the aggregate amount of dividends declared in the fourth quarter of the immediately preceding fiscal year multiplied by four.

6 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

For each of the Company's interest rate swaps, the Company has agreed to exchange with a counterparty the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The interest rates on the portion of the Company's outstanding debt covered by its interest rate swaps are fixed at the rates in the table below plus the Company's credit spread. The Company's credit spreads at July 31, 2015 and August 1, 2014 were 1.25% and 1.50%, respectively. All of the Company's interest rate swaps are accounted for as cash flow hedges.

A summary of the Company's interest rate swaps at July 31, 2015 is as follows:

Trade Date	Effective Date	Term (in Years)	Notional Amount	Fixed Rate
July 25, 2011	May 3, 2013	3	$50,000	2.45%
December 7, 2011	May 3, 2013	3	50,000	1.40%
March 18, 2013	May 3, 2015	3	50,000	1.51%
April 8, 2013	May 3, 2015	2	50,000	1.05%
April 15, 2013	May 3, 2015	2	50,000	1.03%
April 22, 2013	May 3, 2015	3	25,000	1.30%
April 25, 2013	May 3, 2015	3	25,000	1.29%
June 18, 2014	May 3, 2015	4	40,000	2.51%
June 24, 2014	May 3, 2015	4	30,000	2.51%
July 1, 2014	May 5, 2015	4	30,000	2.43%
January 30, 2015	May 3, 2019	2	80,000	2.15%
January 30, 2015	May 3, 2019	2	60,000	2.16%
January 30, 2015	May 4, 2021	3	120,000	2.41%
January 30, 2015	May 3, 2019	2	60,000	2.15%
January 30, 2015	May 4, 2021	3	80,000	2.40%

The notional amount for the interest rate swap entered into on June 18, 2014 increases by $40,000 each May over the four-year term of the interest rate swap beginning in May 2016 until the notional amount reaches $160,000 in May 2018. The notional amounts for the interest rate swaps entered into on June 24, 2014 and July 1, 2014 increase by $30,000 each May over the four-year terms of the interest rate swaps beginning in May 2016 until the notional amounts each reach $120,000 in May 2018.

The estimated fair values of the Company's derivative instruments were as follows:

(See Note 3)	Balance Sheet Location	July 31, 2015	August 1, 2014
Interest rate swaps	Other assets	$ 3,759	$ 240
Interest rate swaps	Current interest rate swap liability	$ 1,117	$ 4,704
Interest rate swaps	Long-term interest rate swap liability	8,704	3,239
Total liabilities		$ 9,821	$ 7,943

The following table summarizes the offsetting of the Company's derivative assets in the Consolidated Balance Sheets at July 31, 2015 and August 1, 2014:

	Gross Asset Amounts		Liability Amount Offset		Net Asset Amount Presented in the Balance Sheets	
(See Note 3)	July 31, 2015	August 1, 2014	July 31, 2015	August 1, 2014	July 31, 2015	August 1, 2014
Interest rate swaps	$3,878	$240	$(119)	$ —	$3,759	$240

The following table summarizes the offsetting of the Company's derivative liabilities in the Consolidated Balance Sheets at July 31, 2015 and August 1, 2014:

	Gross Liability Amounts		Asset Amount Offset		Net Liability Amount Presented in the Balance Sheets	
(See Note 3)	July 31, 2015	August 1, 2014	July 31, 2015	August 1, 2014	July 31, 2015	August 1, 2014
Interest rate swaps	$9,821	$8,441	$ —	$(498)	$9,821	$7,943

The estimated fair values of the Company's interest rate swap assets and liabilities incorporate the Company's non-performance risk. The adjustment related to the Company's non-performance risk at July 31, 2015 and August 1, 2014 resulted in reductions of $209 and $62, respectively, in the total fair value of the interest rate swap asset and liabilities. The offset to the interest rate swap asset and liabilities is recorded in accumulated other comprehensive loss ("AOCL"), net of the deferred tax assets, and will be reclassified into earnings over the term of the underlying debt. As of July 31, 2015, the estimated pre-tax portion of AOCL that is expected to be reclassified into earnings over the next twelve months is $3,866. Cash flows related to the interest rate swaps are included in interest expense and in operating activities.

The following table summarizes the pre-tax effects of the Company's derivative instruments on AOCL for each of the three years:

	Amount of Income Recognized in AOCL on Derivatives (Effective Portion)		
	2015	2014	2013
Cash flow hedges:			
Interest rate swaps	$1,641	$3,058	$23,620

The following table summarizes the changes in AOCL, net of tax, related to the Company's interest rate swaps for the years ended July 31, 2015 and August 1, 2014:

	July 31, 2015	August 1, 2014
Beginning AOCL balance	$(4,733)	$(6,612)
Other comprehensive income before reclassifications	5,955	6,836
Amounts reclassified from AOCL into earnings	(4,947)	(4,957)
Other comprehensive income, net of tax	1,008	1,879
Ending AOCL balance	$(3,725)	$(4,733)

The following table summarizes the pre-tax effects of the Company's derivative instruments on income for each of the three years:

	Location of Loss Reclassified from AOCL into Income (Effective Portion)	Amount of Loss Reclassified from AOCL into Income (Effective Portion)		
		2015	2014	2013
Cash flow hedges:				
Interest rate swaps	Interest expense	$8,052	$8,068	$20,773

The following table summarizes the amounts reclassified out of AOCL related to the Company's interest rate swaps for the years ended July 31, 2015 and August 1, 2014:

Details about AOCL	July 31, 2015	August 1, 2014	Affected Line Item in the Consolidated Statement of Income
Loss on cash flow hedges:			
Interest rate swaps	$(8,052)	$(8,068)	Interest expense
Tax benefit	3,105	3,111	Provision for income taxes
	$(4,947)	$(4,957)	Net of tax

Any portion of the fair value of the interest rate swaps determined to be ineffective will be recognized currently in earnings. No ineffectiveness has been recorded in 2015, 2014 and 2013.

7 SHARE REPURCHASES

In 2015, 2014 and 2013, subject to a maximum amount as specified in the table below and the limits imposed by the Revolving Credit Facility and Prior Credit Facility, the Company was authorized to repurchase shares at management's discretion. On September 25, 2015, the Company's Board of Directors extended the $25,000 repurchase authorization for an additional year from its original expiration date of October 3, 2015.

The following table summarizes our share repurchases for the last three years:

	2015	2014	2013
Maximum aggregate purchase price	$25,000	$ 50,000	$100,000
Cost of shares repurchased	$ —	$ 12,473	$ 3,570
Shares of common stock repurchased	—	120,000	44,300

8 SEGMENT INFORMATION

Cracker Barrel stores represent a single, integrated operation with two related and substantially integrated product lines. The operating expenses of the restaurant and retail product lines of a Cracker Barrel store are shared and are indistinguishable in many respects. Accordingly, the Company manages its business on the basis of one reportable operating segment. All of the Company's operations are located within the United States.

Total revenue was comprised of the following at:

	2015	2014	2013
Restaurant	$2,269,610	$2,137,405	$2,104,768
Retail	572,674	546,272	539,862
Total revenue	$2,842,284	$2,683,677	$2,644,630

9 LEASES

As of July 31, 2015, the Company operated 220 stores in leased facilities and also leased certain land, a retail distribution center and advertising billboards.

Rent expense under operating leases, including the sale-leaseback transactions discussed below, for each of the three years was:

Year	Minimum	Contingent	Total
2015	$72,877	$252	$73,129
2014	71,123	242	71,365
2013	70,095	232	70,327

The following is a schedule by year of the future minimum rental payments required under the Company's operating leases as of July 31, 2015:

Year	Total
2016	$ 61,405
2017	48,885
2018	44,489
2019	42,853
2020	43,175
Later years	502,283
Total	$743,090

Sale-Leaseback Transactions

In 2009, the Company completed sale-leaseback transactions involving 15 of its owned stores and its retail distribution center. Under the transactions, the land, buildings and improvements at the locations were sold and leased back for terms of 20 and 15 years, respectively. Equipment was not included. The leases include specified renewal options for up to 20 additional years.

The Company leases 65 of its stores pursuant to a sale-leaseback transaction which closed in 2000. Under the transaction, the land, buildings and building improvements at the locations were sold and leased back for a term of 21 years. The leases for these stores include specified renewal options for up to 20 additional years and have certain financial covenants related to fixed charge coverage for the leased stores. At July 31, 2015 and August 1, 2014, the Company was in compliance with these covenants.

10 SHARE-BASED COMPENSATION

Stock Compensation Plans

The Company's employee compensation plans are administered by the Compensation Committee of the Company's Board of Directors (the "Committee"). The Committee is authorized to determine, at time periods within its discretion and subject to the direction of the Board of Directors, which employees will be granted awards, the number of shares covered by any awards granted, and within applicable limits, the terms and provisions relating to the exercise and vesting of any awards.

The Company has one active compensation plan, the 2010 Omnibus Incentive Compensation Plan (the "2010 Omnibus Plan"), for employees and non-employee directors which authorizes the granting of nonvested stock awards, performance-based MSU Grants, stock options and other types of share-based awards. The Company also has stock options and nonvested stock outstanding under two other compensation plans ("Prior Plans") in which no future grants may be made.

The 2010 Omnibus Plan allows the Committee to grant awards for an aggregate of 1,500,000 shares of the Company's common stock. However, this share reserve is increased by shares awarded under this and Prior Plans which are forfeited, expired, settled for cash and shares withheld by the Company in payment of a tax withholding obligation. Additionally, this share reserve was decreased by shares granted from Prior Plans after July 30, 2010 until December 1, 2010. At July 31, 2015, the number of shares authorized for future issuance under the Company's active plan is 1,119,722.

The following table summarizes the number of outstanding awards under each plan at July 31, 2015:

2010 Omnibus Plan	217,131
Amended and Restated Stock Option Plan	4,458
2002 Omnibus Incentive Compensation Plan	18,500
Total	240,089

Types of Share-Based Awards

Nonvested Stock

Nonvested stock awards consist of the Company's common stock and generally vest over 1–3 years. Generally, the fair value of each nonvested stock award is equal to the market price of the Company's stock at the date of grant reduced by the present value of expected dividends to be paid prior to the vesting period, discounted using an appropriate risk-free interest rate. Other nonvested stock awards accrue dividends and their fair value is equal to the market price of the Company's stock at the date of the grant. Dividends are forfeited for any nonvested stock awards that do not vest.

The Company's nonvested stock awards include its long-term performance plans which were established by the Committee for the purpose of rewarding certain officers with shares of the Company's common stock if the Company achieved certain performance targets. The stock awards under the long-term performance plans are calculated or estimated based on achievement of financial performance measures.

The following table summarizes the performance periods and vesting periods for the Company's nonvested stock awards under its long-term performance plans at July 31, 2015:

Long-Term Performance Plan ("LTPP")	Performance Period	Vesting Period (in Years)
2015 LTPP	2015 – 2016	2 or 3
2014 LTPP	2014 – 2015	2 or 3

The following table summarizes the shares that have been accrued under the 2015 LTPP and 2014 LTPP at July 31, 2015:

2015 LTPP	49,072
2014 LTPP	37,126

A summary of the Company's nonvested stock activity as of July 31, 2015, and changes during 2015 are presented in the following table:

Nonvested Stock	Shares	Weighted-Average Grant Date Fair Value
Unvested at August 1, 2014	64,065	$ 68.25
Granted	74,089	101.58
Vested	(98,991)	82.35
Forfeited	—	—
Unvested at July 31, 2015	39,163	$ 95.66

The following table summarizes the total fair value of nonvested stock that vested for each of the three years:

	2015	2014	2013
Total fair value of nonvested stock	$8,152	$17,417	$7,445

Performance-Based Market Stock Units

The number of MSU Grants that will ultimately be awarded and will vest at the end of the applicable three-year performance period for each annual plan is based on total shareholder return, which is defined as the change in the Company's stock price plus dividends paid during the performance period. The number of shares awarded at the end of the performance period will vary in direct proportion to a target number of shares set at the beginning of the period, up to a maximum of 150% of target, based on the change in the Company's cumulative total shareholder return over the performance period. The probability of the actual shares expected to be earned is considered in the grant date valuation; therefore, the expense will not be adjusted to reflect the actual units earned. In addition to a service requirement, the vesting of the MSU Grants is also subject to the achievement of a specified level of operating income during the performance period. If this performance goal is not met, no MSU Grants will be awarded and no compensation expense will be recorded.

The fair value of the MSU Grants is determined using the Monte-Carlo simulation model, which simulates a range of possible future stock prices and estimates the probabilities of the potential payouts. This model uses the average prices for the 60-consecutive calendar days beginning 30 days prior to and ending 30 days after the first business day of the performance period. This model also incorporates the following ranges of assumptions:

The expected volatility is a blend of implied volatility based on market-traded options on our stock and historical volatility of our stock over the period commensurate with the three-year performance period.

The risk-free interest rate is based on the U.S. Treasury rate assumption commensurate with the three-year performance period.

The expected dividend yield is based on our current dividend yield as the best estimate of projected dividend yield for periods within the three-year performance period.

The following assumptions were used in determining the fair value for the Company's MSU Grants:

	Year Ended		
	July 31, 2015	August 1, 2014	August 2, 2013
Dividend yield***	—	—	3.0%
Expected volatility	21%	25%	27%
Risk-free interest rate range	1.0%	0.7% - 0.8%	0.3%

****Dividends accrue on the 2014 and 2015 MSU Grants. Dividends will be forfeited for any 2014 and 2015 MSU Grants that do not vest.*

The following table summarizes the shares that have been accrued under the 2013 MSU Grants, the 2014 MSU Grants and 2015 MSU Grants at July 31, 2015:

	Shares
2013 MSU Grants	53,295
2014 MSU Grants	25,829
2015 MSU Grants	15,146

Stock Options

Prior to 2012, stock options were granted with an exercise price equal to the market price of the Company's stock on the grant date; those option awards generally vest at a cumulative rate of 33% per year beginning on the first anniversary of the grant date and expire ten years from the date of grant. No stock options were granted in 2013, 2014 or 2015.

A summary of the Company's stock option activity as of July 31, 2015, and changes during 2015 are presented in the following table:

Fixed Options	Shares	Weighted-Average Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at August 1, 2014	87,132	$36.75		
Granted	—	—		
Exercised	(44,753)	37.97		
Forfeited	—	—		
Canceled	(21,921)	36.95		
Outstanding at July 31, 2015	20,458	$33.88	2.08	$ 2,414
Exercisable	20,458	$33.88	2.08	$ 2,414

The following table summarizes the total intrinsic values of options exercised during each of the three years:

	2015	2014	2013
Total intrinsic values of options exercised*	$4,652	$169	$10,526

**The intrinsic value for stock options is defined as the difference between the current market value and the grant price.*

Compensation Expense

The following table highlights the components of share-based compensation expense for each of the three years:

	2015	2014	2013
Nonvested stock awards	$13,243	$ 5,762	$15,416
MSU Grants	2,967	2,162	2,335
Stock options	—	—	88
Total compensation expense	$16,210	$ 7,924	$17,839

The following table highlights the total unrecognized compensation expense related to nonvested stock and MSU Grants and the weighted-average periods over which the expense is expected to be recognized as of July 31, 2015:

	Nonvested Stock	MSU Grants
Total unrecognized compensation	$1,564	$3,604
Weighted-average period in years	1.56	1.66

The following table highlights the total income tax benefit recognized in the Consolidated Statements of Income for each of the three years:

	2015	2014	2013
Total income tax benefit	$ 5,056	$2,438	$5,221

During 2015, the Company issued 154,528 shares of its common stock resulting from the vesting of share-based compensation awards and stock option exercises. Related tax withholding payments on certain share-based compensation awards exceeded proceeds received from the exercise of stock options which resulted in a net reduction to shareholders' equity of $4,816. The excess tax benefit realized upon exercise of share-based compensation awards was $4,705.

11 SHAREHOLDER RIGHTS PLAN

On April 9, 2015, the Company's Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock, par value $0.01 per share, and adopted a shareholder rights plan, as set forth in the Rights Agreement dated as of April 9, 2015 (the "Rights Agreement"), by and between the Company and American Stock Transfer & Trust Company, LLC, as rights agent. The dividend was payable on April 20, 2015 to the shareholders of record as of the close of business on April 20, 2015. The Rights Agreement replaced the Company's previous shareholder rights plan adopted in 2012 (the "2012 Plan"), and it became effective immediately following the expiration of the 2012 Plan at the close of business on April 9, 2015. The 2012 Plan and the preferred share purchase rights issued thereunder expired by their own terms and shareholders of the Company were not entitled to any payment as a result of the expiration of the 2012 Plan.

The Rights

The Rights initially trade with, and are inseparable from, the Company's common stock. The Rights are evidenced only by the balances indicated in the book-entry account system of the transfer agent for the Company's common stock or, in the case of certificated shares, the certificates that represent such shares of common stock. New Rights will accompany any new shares of common stock the Company issues after April 20, 2015 until the earlier of the Distribution Date, redemption of the Rights by the Board of Directors or the final expiration date of the Rights Agreement, each as described below.

Exercise Price

Each Right will allow its holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock ("Preferred Share") for $600.00, once the Rights become exercisable. This portion of a Preferred Share will give the shareholder approximately the same dividend and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

Exercisability

The Rights will not be exercisable until 10 days after the public announcement that a person or group has become an "Acquiring Person" by obtaining beneficial ownership of 20% or more of the Company's outstanding common stock.

Shares held by affiliates and associates of an Acquiring Person, and Notional Common Shares (as defined in the Rights Agreement) held by counterparties to a Derivatives Contract (as defined in the Rights Agreement) with an Acquiring Person, will be deemed to be beneficially owned by the Acquiring Person. Certain synthetic interests in securities created by derivative positions – whether or not such interests are considered to be ownership of the underlying common stock or are reportable for purposes of Regulation 13D of the Securities Exchange Act – are treated as beneficial ownership of the number of shares of the Company's common stock equivalent to the economic exposure created by the derivative.

The date when the Rights become exercisable is the "Distribution Date." Until the Distribution Date, the common stock certificates will evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After that date, the Rights will separate from the common stock and will be evidenced by book-entry credits or by Rights certificates that the Company will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person will be void and may not be exercised.

At July 31, 2015, none of the Rights were exercisable.

Consequences of a Person or Group Becoming an Acquiring Person

If a person or group becomes an Acquiring Person, after the Distribution Date, each Right will generally entitle the holder, except the Acquiring Person or any associate or affiliate thereof, to acquire, for the exercise price of $600.00 per Right (subject to adjustment as provided in the Rights Agreement), shares of the Company's common stock (or, in certain circumstances, Preferred Shares) having a market value equal to twice the Right's then-current exercise price. In addition, if, the Company is later acquired in a merger or similar transaction after the Distribution Date, each Right will generally entitle the holder, except the Acquiring Person or any associate or affiliate thereof, to acquire, for the exercise price of $600.00 per Right (subject to adjustment as provided in the Rights Agreement), shares of the acquiring corporation having a market value equal to twice the Right's then-current exercise price.

Preferred Share Provisions

Each one one-hundredth of a Preferred Share, if issued:

- will not be redeemable.
- will entitle holders to quarterly dividend payments of $0.01 per share, or an amount equal to the dividend paid on one share of common stock, whichever is greater.
- will entitle holders upon liquidation either to receive $1.00 per share or an amount equal to the payment made on one share of common stock, whichever is greater.
- will have the same voting power as one share of common stock.
- if shares of the Company's common stock are exchanged via merger, consolidation, or a similar transaction, will entitle holders to a per share payment equal to the payment made on one share of common stock.

The value of one one-hundredth of a Preferred Share will generally approximate the value of one share of common stock.

Redemption

The Board of Directors may redeem the Rights for $0.01 per Right at any time before any person or group becomes an Acquiring Person. If the Board of Directors redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of Rights will be to receive the redemption price of $0.01 per Right. The redemption price will be adjusted if the Company has a stock split or stock dividends of its common stock.

Qualifying Offer Provision

The Rights would also not interfere with all-cash, fully financed tender offers for all shares of common stock that remain open for a minimum of 60 business days, are subject to a minimum condition of a majority of the outstanding shares and provide for a 20-business day "subsequent offering period" after consummation (such offers are referred to as "qualifying offers"). In the event the Company receives a qualifying offer and the Board of Directors has not redeemed the Rights prior to the consummation of such offer, the consummation of the qualifying offer shall not cause the offeror or its affiliates or associates to become an Acquiring Person, and the Rights will immediately expire upon consummation of the qualifying offer.

Exchange

After a person or group becomes an Acquiring Person, but before an Acquiring Person owns 50% or more of the Company's outstanding common stock, the Board of Directors may extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person.

Anti-Dilution Provisions

The Board of Directors may adjust the purchase price of the Preferred Shares, the number of Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, a reclassification of the Preferred Shares or common stock. No adjustments to the Exercise Price of less than 1% will be made.

Amendments

The terms of the Rights Agreement may be amended by the Board of Directors without the consent of the holders of the Rights. After a person or group becomes an Acquiring Person, the Board of Directors may not amend the agreement in a way that adversely affects holders of the Rights.

Expiration

If the Rights Agreement is approved by the Company's shareholders at the 2015 annual shareholders' meeting, the Rights will expire on April 9, 2018. If shareholders do not approve the Rights Agreement, the Rights will expire immediately following certification of the vote at the 2015 annual shareholders' meeting.

12 EMPLOYEE SAVINGS PLANS

The Company sponsors a qualified defined contribution retirement plan ("401(k) Savings Plan") covering salaried and hourly employees who have completed ninety days of service and have attained the age of twenty-one. This plan allows eligible employees to defer receipt of up to 50% of their compensation, as defined in the plan. The Company also sponsors a non-qualified defined contribution retirement plan ("Non-Qualified Savings Plan") covering highly compensated employees, as defined in the plan. This plan allows eligible employees to defer receipt of up to 50% of their base compensation and 100% of their eligible bonuses, as defined in the plan.

Contributions under both plans may be invested in various investment funds at the employee's discretion. Such contributions, including the Company's matching contributions described below, may not be invested in the Company's common stock. In 2015, 2014 and 2013, the Company matched 25% of employee contributions for each participant in either plan up to a total of 6% of the employee's compensation. Employee contributions vest immediately while Company contributions vest 20% annually beginning on the first anniversary of a contribution date and are vested 100% on the fifth anniversary of such contribution date.

At the inception of the Non-Qualified Savings Plan, the Company established a Rabbi Trust to fund the plan's obligations. The market value of the trust assets for the Non-Qualified Savings Plan of $26,947 is included in other assets and the related liability to the participants of $26,947 is included in other long-term obligations in the Consolidated Balance Sheets. Company contributions under both plans are recorded as either labor and other related expenses or general and administrative expenses in the Consolidated Statements of Income.

The following table summarizes the Company's contributions for each plan for each of the three years:

	2015	2014	2013
401(k) Savings Plan	$2,364	$2,167	$2,180
Non-Qualified Savings Plan	234	253	241

13 INCOME TAXES

The components of the provision for income taxes for each of the three years were as follows:

	2015	2014	2013
Current:			
Federal	$71,386	$53,713	$44,853
State	6,050	4,597	4,375
Deferred:			
Federal	(6,178)	(2,863)	(4,365)
State	3,040	3,274	3,654
Total provision for income taxes	$74,298	$58,721	$48,517

A reconciliation of the Company's provision for income taxes and income taxes based on the statutory U.S. federal rate of 35% was as follows:

	2015	2014	2013
Provision computed at federal statutory income tax rate	$83,370	$66,797	$58,024
State and local income taxes, net of federal benefit	6,378	5,029	5,698
Employer tax credits for FICA taxes paid on employee tip income	(10,681)	(9,962)	(9,635)
Other employer tax credits	(5,058)	(3,781)	(5,927)
Other-net	289	638	357
Total provision for income taxes	$74,298	$58,721	$48,517

Significant components of the Company's net deferred tax liability consisted of the following at:

	July 31, 2015	August 1, 2014
Deferred tax assets:		
Compensation and employee benefits	$ 13,721	$ 10,858
Deferred rent	16,022	14,900
Accrued liabilities	16,869	13,942
Insurance reserves	12,074	11,944
Inventory	4,525	6,212
Other	2,606	3,172
Deferred tax assets	$ 65,817	$ 61,028
Deferred tax liabilities:		
Property and equipment	$ 88,651	$ 88,543
Inventory	11,568	13,415
Other	9,534	9,591
Deferred tax liabilities	109,753	111,549
Net deferred tax liability	$ 43,936	$ 50,521

The Company believes that adequate amounts of tax, interest and penalties have been provided for potential tax uncertainties; these amounts are included in other long-term liabilities in the Consolidated Balance Sheets. As of July 31, 2015 and August 1, 2014, the Company's gross liability for uncertain tax positions, exclusive of interest and penalties, was $25,507 and $22,832, respectively. Summarized below is a tabular reconciliation of the beginning and ending balance of the Company's total gross liability for uncertain tax positions exclusive of interest and penalties:

	July 31, 2015	August 1, 2014	August 2, 2013
Balance at beginning of year	$22,832	$20,972	$18,098
Tax positions related to the current year:			
Additions	3,994	3,989	3,731
Reductions	—	—	—
Tax positions related to the prior year:			
Additions	118	1,400	191
Reductions	(227)	(1,630)	(280)
Settlements	(204)	(755)	—
Expiration of statute of limitations	(1,006)	(1,144)	(768)
Balance at end of year	$25,507	$22,832	$20,972

If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would be a tax benefit to the Company and impact the effective tax rate. The following table highlights the amount of uncertain tax positions, exclusive of interest and penalties, which, if recognized, would affect the effective tax rate for each of the three years:

	2015	2014	2013
Uncertain tax positions	$16,579	$14,840	$13,631

The Company had $9,754, $8,559 and $7,869 in interest and penalties accrued as of July 31, 2015, August 1, 2014, and August 2, 2013, respectively.

The Company recognized accrued interest and penalties related to unrecognized tax benefits of $1,194, $691 and $1,264 in its provision for income taxes on July 31, 2015, August 1, 2014 and August 2, 2013, respectively.

In many cases, the Company's uncertain tax positions are related to tax years that remain subject to examination by the relevant taxing authorities. Based on the outcome of these examinations or as a result of the expiration of the statutes of limitations for specific taxing jurisdictions, it is reasonably possible that the related uncertain tax positions taken regarding previously filed tax returns could decrease from those recorded as liabilities for uncertain tax positions in the

Company's financial statements at July 31, 2015 by approximately $3,000 to $4,000 within the next twelve months. At July 31, 2015, the Company was subject to income tax examinations for its U.S. federal income taxes after 2011 and for state and local income taxes generally after 2011.

14 NET INCOME PER SHARE AND WEIGHTED AVERAGE SHARES

The following table reconciles the components of diluted earnings per share computations:

	2015	2014	2013
Net income per share numerator	$ 163,903	$ 132,128	$ 117,265
Net income per share denominator:			
Basic weighted average shares outstanding	23,918,368	23,817,768	23,708,875
Add potential dilution:			
Stock options, nonvested stock awards and MSU Grants	130,556	148,247	239,446
Diluted weighted average shares outstanding	24,048,924	23,966,015	23,948,321

15 COMMITMENTS AND CONTINGENCIES

During 2014 and through September 25, 2014, the Company was served with several claims filed as a putative collective action alleging violations of the Fair Labor Standards Act ("FLSA"). The Company has recorded a total provision of approximately $3,500 at July 31, 2015 to reflect the liability related to these lawsuits. Although we continue to believe that the Company's associate managers are and have been properly classified as exempt employees under FLSA and have therefore aggressively challenged the plaintiffs' claims in these lawsuits, in light of the potential cost and uncertainty involved in these lawsuits, in March 2015, we entered into a memorandum of understanding (the "MOU") with respect to a settlement with plaintiffs' counsel to resolve the series of lawsuits. Per the MOU, all three of these federal lawsuits were dismissed and a consolidated lawsuit was filed in Broward County, Florida Circuit Court with respect to the underlying claims. In May 2015, the parties executed the settlement agreement based on the MOU, and the settlement agreement was approved by the Florida court on July 31, 2015. Consistent with the terms of the MOU and the court-approved agreement, the parties will distribute notice to potential claimants and process submitted claims through a settlement administrator. See "Item 3. Legal Proceedings" of Part I of this Annual Report on Form 10-K for further information related to these claims.

In addition to the matters described above, the Company and its subsidiaries are party to various legal and regulatory proceedings and claims incidental to their business in the ordinary course. In the opinion of management, based upon information currently available, the ultimate liability with respect to these proceedings and claims will not materially affect the Company's consolidated results of operations or financial position.

The Company maintains insurance coverage for various aspects of its business and operations. The Company has elected, however, to retain all or a portion of losses that occur through the use of various deductibles, limits and retentions under its insurance programs. This situation may subject the Company to some future liability for which it is only partially insured, or completely uninsured. The Company intends to mitigate any such future liability by continuing to exercise prudent business judgment in negotiating the terms and conditions of its contracts. See Note 2 for a further discussion of insurance and insurance reserves.

Related to its insurance coverage, the Company is contingently liable pursuant to standby letters of credit as credit guarantees to certain insurers. As of July 31, 2015, the Company had $11,530 of standby letters of credit related to securing reserved claims under workers' compensation insurance. All standby letters of credit are renewable annually and reduce the Company's borrowing availability under its Revolving Credit facility (see Note 5).

As of July 31, 2015, the Company is secondarily liable for lease payments associated with one property. The Company is not aware of any non-performance under this lease arrangement that would result in the Company having to perform in accordance with the terms of this guarantee, and therefore, no provision has been recorded in the Consolidated Balance Sheets for amounts to be paid in case of non-performance by the third party by the primary obligor under such lease agreement.

The Company enters into certain indemnification agreements in favor of third parties in the ordinary course of business. At August 1, 2014 and July 31, 2015, the Company recorded a liability related to legal costs. The Company believes that the amount recorded is immaterial to the Company's consolidated results of operations and financial position and that the probability of incurring an actual liability under other indemnification agreements is sufficiently remote so that no additional liability has been recorded in the Consolidated Balance Sheets.

16 QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for 2015 and 2014 are summarized as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2015				
Total revenue	$683,428	$755,966	$683,705	$719,185
Store operating income	88,634	108,411	94,047	111,332
Income before income taxes	51,018	66,537	51,447	69,199
Net income	34,024	47,163	35,317	47,399
Net income per share – basic	$ 1.43	$ 1.97	$ 1.48	$ 1.98
Net income per share – diluted	$ 1.42	$ 1.96	$ 1.47	$ 1.97
2014				
Total revenue	$649,141	$698,491	$643,298	$692,747
Store operating income	81,124	88,634	77,754	90,281
Income before income taxes	39,830	54,235	40,886	55,898
Net income	27,160	37,055	28,728	39,185
Net income per share – basic	$ 1.14	$ 1.56	$ 1.21	$ 1.65
Net income per share – diluted	$ 1.14	$ 1.55	$ 1.20	$ 1.63

Corporate Officers

Sandra B. Cochran
President and Chief Executive Officer

Beverly K. Carmichael
Senior Vice President and Chief People Officer

Christopher A. Ciavarra
Senior Vice President, Marketing

Laura A. Daily
Senior Vice President, Retail

Nicholas V. Flanagan
Senior Vice President, Restaurant and Retail Operations

Edward A. Greene
Senior Vice President, Strategic Initiatives

Lawrence E. Hyatt
Senior Vice President and Chief Financial Officer

Charlie E. Austin
Regional Vice President, Restaurant Operations

Robert E. Bowman, Jr.
Vice President, Internal Audit

Michael J. Chissler
COO, New Concept

Derrick Collins
Regional Vice President, Retail Operations

Brenda L. Cool
Regional Vice President, Retail Operations

P. Doug Couvillion
Vice President, Supply Chain and Quality Assurance

Leon De Wet
Vice President, Information Services and CIO

Robert F. Doyle
Vice President, Product Development and Quality Assurance

Alan L. Emery
Regional Vice President, Restaurant Operations

Deborah A. Fratrik
Regional Vice President, Restaurant Operations

Scott A. Gardner
Vice President, Distribution and Logistics

Joshua L. Greear
Vice President, Financial and Strategic Analysis

Anthony P. Guadagno
Vice President, Restaurant Operations

Michael T. Hackney
Regional Vice President, Restaurant Operations

Kathleen A. Hansen
Vice President, Retail Operations

Sandra K. Hayes
Regional Vice President, Retail Operations

Ray Johnson
Regional Vice President, Restaurant Operations

Sherri Moore
Vice President, Restaurant and Retail Operations Support

Michael W. Mott
Vice President, Human Resources

Ben Noyes
Regional Vice President, Restaurant Operations

Thomas R. Pate
Vice President, Training and Management Development

William M. Prentice
Regional Vice President, Restaurant Operations

Beth J. Quinn
Regional Vice President, Retail Operations

Cindy M. Sasse
Regional Vice President, Retail Operations

David R. Swartling
Regional Vice President, Restaurant Operations

Walter W. Tyree
Regional Vice President, Restaurant Operations

Bart F. Vig
Regional Vice President, Restaurant Operations

Jeffrey M. Wilson
Vice President, Corporate Controller and Principal Accounting Officer

Michael J. Zylstra
Vice President, General Counsel and Corporate Secretary

Corporate Information

Corporate Offices

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305 Hartmann Drive
Lebanon, TN 37088-0787
Phone: 615-444-5533
crackerbarrel.com

Transfer Agent

American Stock Transfer & Trust Company
59 Maiden Lane
Plaza Level
New York, NY 10038

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Nashville, Tennessee

10-K Report

A copy of the Cracker Barrel Old Country Store, Inc. Form 10-K Annual Report for Fiscal 2015 filed with the Securities and Exchange Commission, may be obtained without charge through our Internet website, located at crackerbarrel.com and (without exhibits) by writing to the Company, attention: Investor Relations. If requested in writing, exhibits to the Form 10-K Annual Report are available for a reasonable fee.

Annual Meeting

The annual meeting of shareholders will be held at 10:00 a.m. Thursday, November 12, 2015, at the Cracker Barrel Old Country Store home office on Hartmann Drive, Lebanon, Tennessee.

Dividend Reinvestment and Direct Stock Purchase Plan

Although our company does not sponsor a dividend reinvestment or direct stock purchase plan, our transfer agent, American Stock Transfer & Trust Company, LLC ("AST"), sponsors and administers such programs. You may call AST at 800-485-1883 or 718-921-8124 to obtain enrollment forms.

Unless specifically noted otherwise, references in this annual report to "CBRL," "Cracker Barrel" or "The Company" refer to Cracker Barrel Old Country Store, Inc. and its subsidiaries; or its Cracker Barrel Old Country Store® concept.

Cracker Barrel Old Country Store

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PLEASING PEOPLE