SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

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

For the Quarterly Period Ended May 1, 1998

Commission file number 0-7536

CRACKER BARREL OLD COUNTRY STORE, INC.

A Tennessee Corporation — I.R.S. EIN: 62-0812904

Hartmann Drive, P. O. Box 787
Lebanon, Tennessee 37088-0787

615-444-5533

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

62,378,150 Shares of Common Stock
Issued and Outstanding as of May 29, 1998

PART I

Item 1. Financial Statements

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

	May 1, 1998 (Unaudited)	August 1, 1997 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 51,599	$ 64,933
Short-term investments	--	1,666
Receivable	3,698	4,836
Inventories	77,024	73,269
Prepaid expenses	3,674	4,707
Total current assets	135,995	149,411
Property and equipment, net	784,640	678,167
Other assets	15,296	1,127
Total assets	$935,931	$828,705
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 31,816	$ 27,422
Accrued expenses	62,552	57,669
Current portion of long-term debt	2,500	3,500
Current portion of other long-term obligations	166	166

Total current liabilities	97,034	88,757
Long-term debt	59,500	62,000
Other long-term obligations	17,818	17,516
Stockholders' equity:		
Common stock - $.50 par value, authorized 150,000,000 shares, issued and outstanding 62,078,534 at May 1, 1998 and 61,065,306 at August 1, 1997	31,170	30,533
Additional paid-in capital	244,581	211,850
Retained earnings	485,828	418,049
Total stockholders' equity	761,579	660,432
Total liabilities and stockholders' equity	$935,931	$828,705

See notes to condensed consolidated financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	May 1, 1998	May 2, 1997	May 1, 1998	May 2, 1997
Net sales:				
Restaurant	$248,078	$216,355	$722,445	$613,620
Retail	69,286	58,707	229,464	188,198
Total sales	317,364	275,062	951,909	801,818
Cost of goods sold	107,422	92,447	330,549	279,333
Gross profit on sales	209,942	182,615	621,360	522,485
Labor & related expenses	108,015	94,320	320,729	270,716
Other store operating expenses	47,785	40,491	143,927	119,525
Store operating income	54,142	47,804	156,704	132,244
General and administrative	15,480	14,904	48,028	44,011
Operating income	38,662	32,900	108,676	88,233
Interest expense	262	729	2,159	1,087
Interest income	754	501	2,270	1,387
Pretax income	39,154	32,672	108,787	88,533
Provision for income taxes	14,409	12,154	40,034	33,178
Net income	$ 24,745	$ 20,518	$ 68,753	$ 55,355
Earnings per share:				
Basic	$ .40	$ .34	$ 1.12	$ .91
Diluted	$ .39	$ .33	$ 1.09	$ .90
Weighted average shares:				
Basic	62,037	60,901	61,641	60,759
Diluted	63,578	61,640	62,888	61,336
Dividends per share	$ .005	$ .005	$ .015	$ .015

See notes to condensed consolidated financial statements.

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

	Nine Months Ended	
	May 1, 1998	May 2, 1997
Cash flows from operating activities:		
Net income	$68,753	$55,355
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	32,266	27,995
Loss on disposition of property and equipment	242	23
Changes in assets and liabilities, net of effects from acquisition:		
Inventories	(3,550)	(14,797)
Other assets	(1,060)	(149)
Accounts payable	3,800	(4,818)
Other current assets and liabilities	7,033	3,060
Net cash provided by operating activities	107,484	66,669
Cash flows from investing activities:		
Purchase of investments	--	(603)
Proceeds from maturities of investments	1,666	4,246
Purchase of property and equipment	(141,762)	(117,946)
Cash paid for acquisition, net of cash acquired	(1,886)	--
Proceeds from sale of property and equipment	2,968	1,341
Net cash used in investing activities	(139,014)	(112,962)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	--	50,000
Proceeds from exercise of stock options	22,868	5,452
Principal payments under long-term debt and capital lease obligations	(3,698)	(4,098)
Dividends on common stock	(974)	(911)
Net cash provided by financing activities	18,196	50,443
Net (decrease) increase in cash and cash equivalents	(13,334)	4,150
Cash and cash equivalents, beginning of year	64,933	28,971
Cash and cash equivalents, end of period	$51,599	$33,121
Supplemental disclosures of cash flow information:		
Cash paid during the nine months for:		
Interest	$ 3,217	$ 1,783
Income taxes	36,595	25,359

See notes to condensed consolidated financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands)

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheet as of May 1, 1998 and the related condensed consolidated statements of income and cash flows for the quarters and nine-month periods ended May 1, 1998 and May 2, 1997, have been prepared by the Company, without audit; in the opinion of management, all adjustments for a fair presentation of such condensed consolidated financial statements have been made.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended August 1, 1997.

Deloitte & Touche LLP, the Company's independent auditors, have performed a limited review of the financial information included herein. Their report on such review accompanies this filing.

2. Income Taxes

The provision for income taxes for the quarter and nine-month period ended May 1, 1998 has been computed based on management's estimate of the tax rate for the entire fiscal year of 36.8%. The variation between the statutory tax rate and the effective tax rate is due primarily to employer tax credits for FICA taxes paid on tip income. The Company's effective tax rates for the quarter and nine-month period ended May 2, 1997 and for the entire fiscal year of 1997 were 37.2%, 37.5% and 37.0%, respectively.

3. Seasonality

The sales and profits of the Company are affected significantly by seasonal travel and vacation patterns because of its interstate highway locations. Historically, the Company's greatest sales and profits have occurred during the period of June through August. Early December through the last part of February, excluding the Christmas holidays, has historically been the period of lowest sales and profits. Therefore, the results of operations for the quarter and nine-month period ended May 1, 1998 cannot be considered indicative of the operating results for the full fiscal year.

4. Earnings per Share and Weighted Average Shares

In February 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share," which requires presentation of basic and diluted earnings per share. Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings 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. As required, the Company adopted the provisions of SFAS No. 128 in the quarter ended January 30, 1998. All prior year weighted average and per share information has been restated in accordance with SFAS No. 128. Outstanding stock options issued by the Company represent the only dilutive effect reflected in diluted weighted average shares.

5. Acquisition of wholly-owned subsidiary

On April 1, 1998, the Company acquired all of the capital stock of Carmine's Prime Meats, Inc. for cash of $2,500 and common stock of $10,500. The acquisition has been accounted for using the purchase method of accounting, and accordingly, the purchase price has been allocated to the assets purchased and the liabilities assumed based upon the fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was $12,654 and has been recorded as goodwill, which is being amortized on a straight-line basis over 20 years. The amount of goodwill amortization in the third quarter was $53.

The net purchase price was allocated as follows:

Current assets, other than cash acquired	$ 205
Property and equipment	126
Other assets	15
Goodwill	12,654
Liabilities assumed	614
Purchase price, net of cash received	$12,386

The operating results of this acquired business have been included in the consolidated statement of income from the date of the acquisition. On the basis of a proforma consolidation of the results of operations as if the acquisition had taken place at the beginning of fiscal 1997 rather than at April 1, 1998, consolidated net sales, net income and earnings per share would not have been materially different from the reported amounts for fiscal 1997 and 1998. Such proforma amounts are not necessarily indicative of what the actual consolidated results of operations might have been if the acquisition had been effective at the beginning of fiscal 1997.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (In thousands)

All dollar amounts reported or discussed in Item 2 are shown in thousands. Except for specific historical information, many of the matters discussed in this Form 10-Q may express or imply projections of revenues or expenditures, statements of plans and objectives or future operations or statements of future economic performance. Those, and similar statements are forward-looking statements that involve risks, uncertainties and other factors which may cause the actual performance of Cracker Barrel Old Country Store, Inc. to differ materially from those expressed or implied by such statements. Factors which will affect actual results include, but are not limited to: the availability and costs of acceptable sites for development; the ability of the Company to retain qualified employees, and to recruit and train restaurant personnel in its expansion locations; the acceptance of the Cracker Barrel concept as the Company continues to expand into new geographic regions; continued successful development of new and regional menu items; the continued success of the Company's frequency-based Cracker Barrel Old Country Store Neighborhood program; changes in or implementation of additional governmental rules and regulations affecting wage and hour matters, health and safety and other areas affected by governmental actions, and other factors described from time to time in the Company's filings with the Securities and Exchange Commission, press releases and other communications.

Results of Operations

The following table highlights operating results by percentage relationships to total net sales for the quarter and nine-month period ended May 1, 1998 as compared to the same periods a year ago:

	Quarter Ended		Nine Months Ended	
	May 1, 1998	May 2, 1997	May 1, 1998	May 2, 1997
Net sales:				
Restaurant	78.2%	78.7%	75.9%	76.5%
Retail	21.8	21.3	24.1	23.5
Total net sales	100.0	100.0	100.0	100.0
Cost of goods sold	33.8	33.6	34.7	34.8
Gross profit	66.2	66.4	65.3	65.2
Labor & related expenses	34.0	34.3	33.7	33.8
Other store operating expenses	15.1	14.7	15.1	14.9
Store operating income	17.1	17.4	16.5	16.5
General and administrative	4.9	5.4	5.1	5.5
Operating income	12.2	12.0	11.4	11.0
Interest expense	0.1	0.3	0.2	0.1
Interest income	0.2	0.2	0.2	0.2
Pretax income	12.3	11.9	11.4	11.1
Provision for income taxes	4.5	4.4	4.2	4.1
Net income	7.8%	7.5%	7.2%	7.0%

Same Store Sales Analysis
257 Store Average

	Quarter Ended		Nine Months Ended	
	May 1, 1998	May 2, 1997	May 1, 1998	May 2, 1997
Restaurant	$752.4	$745.3	$2,274.0	$2,222.5
Retail	203.6	200.6	708.6	679.5
Restaurant & retail	$956.0	$945.9	$2,982.6	$2,902.0

Sales

Net sales for the third quarter of fiscal 1998 increased 15% compared to last year's third quarter. Same store restaurant sales increased 1.0% and same store retail sales increased 1.5%, for a total same store sales (restaurant and retail) increase of 1.1%. Same store restaurant sales increased primarily due to an effective 2.3% menu price increase throughout the quarter partially offset by decreases in customer traffic. Same store retail sales increased primarily due to an improved assortment of retail items in the stores. New stores accounted for the balance of the third quarter net sales increase.

Net sales for the nine-month period ended May 1, 1998, increased 19% compared to the nine-month period ended May 2, 1997. Same store restaurant sales increased 2.3% and same store retail sales increased 4.3%, for a total same store sales (restaurant and retail) increase of 2.8%. Same store restaurant sales increased primarily due to an effective 2.5% menu price increase for the period as a whole. Same store retail sales increased primarily due to an improved assortment of retail items in the stores. New stores accounted for the balance of the nine-month period net sales increase.

Cost of Goods Sold

Cost of goods sold as a percentage of net sales for the third quarter of fiscal 1998 increased to 33.8% from 33.6% in the third quarter of last year. This increase was primarily due to higher produce prices as the result of adverse weather conditions in California and an increasing mix of retail sales which have a higher cost of goods than restaurant sales, partially offset by improved initial mark-ons for retail merchandise.

Cost of goods sold as a percentage of net sales for the nine-month period ended May 1, 1998 decreased to 34.7% from 34.8% for the nine-month period ended May 2, 1997. This decrease was primarily due to improved initial mark-ons for retail merchandise, partially offset by an increasing mix of retail sales which have a higher cost of goods than restaurant sales.

Labor and Related Expenses

Labor and related expenses include all direct and indirect labor and related costs incurred in store operations. Labor and related expenses as a percentage of net sales decreased to 34.0% in the third quarter this year from 34.3% last year. This decrease was primarily due to the lower bonus payouts under the store-level bonus program instituted in fiscal 1997. This decrease was partially offset by higher incremental labor expenses resulting from opening 22 stores in the third quarter of fiscal 1998 as compared to 15 stores opened in the third quarter of fiscal 1997 and hourly wage inflation at the stores of approximately 3%.

Labor and related expenses as a percentage of net sales decreased to 33.7% in the nine-month period ended May 1, 1998 from 33.8% in the nine-month period ended May 2, 1997. This decrease was primarily due to the net improvement in store-level, hourly labor, resulting from enhanced operational productivity, partially offset by store-level, hourly wage inflation of approximately 3%. This net decrease was partially offset by higher bonus payouts under the store-level bonus program instituted in fiscal 1997.

Other Store Operating Expenses

Other store operating expenses include all unit-level operating costs, the major components of which are operating supplies, repairs and maintenance, advertising expenses, utilities and depreciation and amortization. Other store operating expenses as a percentage of net sales increased to 15.1% in the third quarter of fiscal 1998 from 14.7% in the third quarter of last year. This increase was primarily due to higher general liability insurance costs versus the prior year.

Other store operating expenses as a percentage of net sales increased to 15.1% in the nine-month period ended May 1, 1998 from 14.9% in the nine-month period ended May 2, 1997. This increase was primarily due to the incremental advertising expense resulting from increased general advertising and the rollout of the Cracker Barrel Old Country Store Neighborhood Program and higher general liability insurance costs versus the prior year.

General and Administrative Expenses

General and administrative expenses as a percentage of net sales decreased to 4.9% in the third quarter of fiscal 1998 from 5.4% in the third quarter of last year. The primary reason for the decrease was increased sales volume as compared to the third quarter of last year.

General and administrative expenses as a percentage of net sales decreased to 5.1% in the nine-month period ended May 1, 1998 from 5.5% in the nine-month period ended May 1, 1997. The primary reason for the decrease was increased sales volume as compared to the same nine-month period last year.

Interest Expense

Interest expense decreased to $262 in the third quarter of fiscal 1998 from $729 in the third quarter of last year. The decrease primarily resulted from the increased capitalized interest during the quarter as a result of the increase in the number of new stores under construction as compared to last year.

Interest expense increased to $2,159 in the nine-month period ended May 1, 1998 from $1,087 in the nine-month period ended May 2, 1997. The increase resulted from the Company drawing on the $50,000 term loan on December 2, 1996.

Interest Income

Interest income increased to $754 in the third quarter of fiscal 1998 from $501 in the third quarter of last year. The increase was primarily due to higher average funds available for investment.

Interest income increased to $2,270 in the nine-month period ended May 1, 1998 from $1,387 in the nine-month period ended May 2, 1997. The increase was primarily due to lower average funds available for investment.

Recent Accounting Pronouncements Not Yet Adopted

In June 1997, SFAS No. 130, "Reporting Comprehensive Income," was issued. SFAS No. 130 specifies how to report and display comprehensive income and its components. This statement is effective for fiscal years beginning after December 15, 1997, with restatement of all prior periods shown. The Company will adopt SFAS No. 130 in the first quarter of fiscal 1999. In June 1997, SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," was issued. SFAS No. 131 requires the disclosure of certain information about operating segments in the financial statements. This statement is effective for fiscal years beginning after December 15, 1997, with restatement of all prior periods shown if not impracticable to do so. The Company will adopt SFAS No. 131 in the first quarter of fiscal 1999. In March 1998, the FASB issued Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." This statement is effective for fiscal years beginning after December 15, 1998 at the beginning of the fiscal year on a prospective basis. The Company will adopt SOP 98-1 in the first quarter of fiscal 2000. The Company does not expect the adoption of SFAS Nos. 130 or 131 or SOP 98-1 to have a material effect on the Company's consolidated financial statements.

Year 2000 Compliance

As the year 2000 approaches, a critical business issue has emerged regarding how existing application software programs and operating systems can accommodate this date value. Many existing application software products in the marketplace were designed to accommodate only two-digit date entries. As a result, computer systems and software used by many companies may need to be upgraded to comply with such "Year 2000" requirements. Beginning in the Company's fiscal year 2000, the computer systems and software programs of the Company and its vendors will need to be able to accept four-digit entries to distinguish years beginning with 2000 from prior years. While the Company has developed a plan to ensure that its software applications and programs are Year 2000 compliant, there can be no assurance that such plan will be implemented in a timely and effective manner or that coding errors or other defects will not be discovered after its implementation. The Company has also initiated formal communications with its significant vendors to determine the extent to which the Company is vulnerable to those third parties' failure to remediate their own Year 2000 issues. Although management does not believe the Year 2000 issues will have a material adverse effect on the Company's business or financial condition, any Year 2000 compliance problem of the Company or its suppliers could result in such a material adverse affect.

Liquidity and Capital Resources

The Company's operating activities provided net cash of $107,484 for the nine-month period ended May 1, 1998. Most of this cash was provided by net income adjusted for depreciation and amortization. Decreases in other current assets and increases in accounts payable and other current liabilities were partially offset by increases in inventories and other assets.

Capital expenditures were $141,762 for the nine-month period ended May 1, 1998. Land purchases and the construction of new stores accounted for substantially all of these expenditures. Capitalized interest was $563 and $1,549 for the quarter and nine-month period ended May 1, 1998, respectively, as compared to $545 and $1,899 for the quarter and nine-month period ended May 2, 1997, respectively. These differences were primarily due to the timing of new store construction in fiscal 1998 as compared to the same period a year ago.

The Company's internally generated cash and short-term investments were sufficient to finance all of its growth in the first nine months of fiscal 1998.

The Company estimates that its capital expenditures for fiscal 1998 will be approximately $190,000, substantially all of which will be land purchases and the construction of new stores. On December 2, 1996 the Company received the proceeds from a $50,000 5-year term loan bearing interest at a three-month LIBOR-based rate ("London Interbank Offered Rate"). Concurrently, the Company entered into a swap agreement with a bank to fix the interest rate at 6.36% for the life of the term loan. This $50,000 term loan is part of a $125,000 bank credit facility that also includes a $75,000 revolver. Management believes that cash at May 1, 1998, along with cash generated from the Company's operating activities, will be sufficient to finance its continued expansion plans through fiscal 1999.

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
Cracker Barrel Old Country Store, Inc.
Lebanon, Tennessee

We have reviewed the accompanying condensed consolidated balance sheet of Cracker Barrel Old Country Store, Inc. as of May 1, 1998, and the related condensed consolidated statements of income and cash flows for the quarters and nine-month periods ended May 1, 1998 and May 2, 1997. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Cracker Barrel Old Country Store, Inc. as of August 1, 1997, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated September 10, 1997, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of August 1, 1997 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

DELOITTE & TOUCHE LLP

Nashville, Tennessee
June 11, 1998

PART II

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed pursuant to Item 601 of Regulation S-K

(15) Letter regarding unaudited financial information.

(b) No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CRACKER BARREL OLD COUNTRY STORE, INC.

Date: 6/11/98 By /s/Michael A. Woodhouse

Michael A. Woodhouse, Chief Financial Officer

Date: 6/11/98 By /s/Patrick A. Scruggs

Patrick A. Scruggs, Assistant Treasurer

June 11, 1998

Cracker Barrel Old Country Store, Inc.
Hartmann Drive
Lebanon, Tennessee 37088-0787

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Cracker Barrel Old Country Store, Inc. for the quarters and nine-month periods ended May 1, 1998 and May 2, 1997, as indicated in our report dated June 11, 1998; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended May 1, 1998, is incorporated by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567, 33-45482 and 333-01465 on Forms S-8 and Registration Statement No. 33-59582 on Form S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

DELOITTE & TOUCHE LLP

Nashville, Tennessee

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED FINANCIAL STATEMENT OF CRACKER BARREL OLD COUNTRY STORE, INC. AND
SUBSIDIARIES FOR THE NINE MONTHS ENDED MAY 1, 1998, AND IS QUALIFIED IN ITS
ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.

1,000

9-MOS
JUL-31-1998
AUG-2-1997
MAY-1-1998
51,599
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3,698
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