UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended August 2, 2019

OR

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from__________to__________

Commission file number: 000-25225

Cracker Barrel Old Country Store, Inc.

(Exact name of registrant as specified in its charter)

Tennessee (State or other jurisdiction of incorporation or organization)	62-0812904 (I.R.S. Employer Identification Number)
305 Hartmann Drive Lebanon, Tennessee (Address of principal executive offices)	37087-4779 (Zip code)

Registrant's telephone number, including area code: (615) 444-5533

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (Par Value $0.01)	CBRL	The Nasdaq Stock Market LLC
Rights to Purchase Series A Junior Participating Preferred Stock (Par Value $0.01)		(Nasdaq Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐
Smaller reporting company ☐	Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of voting stock held by nonaffiliates of the registrant as of February 1, 2019 (the last business day of the registrant's most recently completed second fiscal quarter) was $3,980,072,081.

As of September 18, 2019, there were 24,050,147 shares of common stock outstanding.

Documents Incorporated by Reference

Document from which Portions are Incorporated by Reference	Part of Form 10-K into which incorporated
1. Proxy Statement for Annual Meeting of Shareholders to be held November 21, 2019 (the "2019 Proxy Statement")	Part III

INTRODUCTION

General

This report contains references to years 2019, 2018 and 2017, which represent our fiscal years ended August 2, 2019, August 3, 2018 and July 28, 2017, respectively. All of the discussion in this report should be read with, and is qualified in its entirety by, the Consolidated Financial Statements and the notes thereto. All amounts other than share and certain statistical information (e.g., number of stores) are in thousands unless the context clearly indicates otherwise. Similarly, references to a year or quarter are to our fiscal year or quarter unless expressly noted or the context clearly indicates otherwise.

Forward-Looking Statements/Risk Factors

Except for specific historical information, many of the matters discussed in this Annual Report on Form 10-K, as well as other documents incorporated herein by reference, 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 such forward-looking 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 contained in Part I, Item 1A of this report below, as well as the factors described under “Critical Accounting Estimates” in Part II, Item 7 of this report below or, from time to time, in our 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, we have no obligation or intention to publicly update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any future public disclosures that we may make on related subjects in reports that we file with or furnish to the SEC or in our other public disclosures.

PART I

ITEM 1. BUSINESS

OVERVIEW

Cracker Barrel Old Country Store, Inc. ("we," "us," "our" or the "Company," which reference, unless the context requires otherwise, also includes our direct and indirect wholly owned subsidiaries), is principally engaged in the operation and development of the Cracker Barrel Old Country Store® concept ("Cracker Barrel"). We are headquartered in Lebanon, Tennessee and were originally founded in 1969. We are organized under the laws of the State of Tennessee.

We maintain a website at crackerbarrel.com. We make available free of charge through our website our periodic and other reports filed with or furnished to the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. Information on our website is not deemed to be incorporated by reference into this Annual Report on Form 10-K or any other filings that we make from time to time with the SEC.

Cracker Barrel Old Country Store Concept

As of September 18, 2019, we operated 660 Cracker Barrel stores in 45 states. None of our stores are franchised. Our stores are intended to appeal to both the traveler and the local customer, and we believe they have consistently been a consumer favorite. We pride ourselves on our consistent quality, value and friendly service.

Store Format: The format of our stores consists of a trademarked rustic old country-store design offering a full-service restaurant menu that features home-style country food and a wide variety of decorative and functional items such as rocking chairs, holiday and seasonal gifts, toys, apparel, cookware and foods. All stores are freestanding buildings and consist of approximately 20% of gift shop space with the remainder dedicated to our restaurant, training and storage space. Our stores have stone fireplaces and are decorated with antique-style furnishings and other authentic and nostalgic items, reminiscent of and similar to those found and sold in the past in traditional old country stores. The front porch of each store features rows of the signature Cracker Barrel rocking chairs that can be used by guests while waiting for a table in our dining room or after enjoying a meal and are sold by the gift shop.

Products: Our restaurants, which generated approximately 81% of our total revenue in 2019, offer home-style country cooking featuring many of our own recipes that emphasize authenticity and quality. Our restaurants serve breakfast, lunch and dinner daily. Menu items are moderately priced. The restaurants do not serve alcoholic beverages.

Breakfast items can be ordered at any time throughout the day and include juices, eggs, pancakes, fruit and yogurt parfaits, meat, grits, and a variety of biscuit specialties, such as gravy and biscuits and country ham and biscuits. Lunch and dinner items include southern fried chicken, chicken and dumplings, chicken fried chicken, meatloaf, country fried steak, pork chops, fish, steak, roast beef, vegetable plates, sandwiches and a variety of salads. Additionally, we may from time to time feature new items as off-menu specials or in test menus at certain locations to evaluate possible ways to enhance customer interest and identify potential future additions to the menu. We offer weekday lunch specials, which include some of our favorite entrées in lunch-sized portions. Our menu also features weekday and weekend dinner specials that showcase a popular dinner entrée. There is some variation in menu pricing and content in different regions of the country for both breakfast and lunch/dinner. The average check per guest during 2019 was $10.84, which represents a 3.3% increase over the prior year. We served an average of approximately 6,700 restaurant guests per week in a typical store in 2019.

The following table highlights the price ranges for our meals in 2019:

	Price Range
Breakfast	$ 4.99 to $12.89
Lunch and Dinner	$ 4.89 to $17.69

The following table highlights each day-part's percentage of restaurant sales in 2019:

	Percentage of Restaurant Sales in 2019
Breakfast Day-Part (until 11:00 a.m.)	25%
Lunch Day-Part (11:00 a.m. to 4:00 p.m.)	39%
Dinner Day-Part (4:00 p.m. to close)	36%

We also offer items for sale in our gift shops that are featured on, or related to, the restaurant menu, such as pies, cornbread mix, coffee, syrups and pancake mixes. Our gift shops offer a wide variety of decorative and functional items such as rocking chairs, seasonal gifts, apparel, toys, music CDs, cookware and various other gift items, as well as various candies, preserves and other food items.

The following table highlights the five categories which accounted for the largest shares of our retail sales in 2019:

	Percentage of Retail Sales in 2019
Apparel and Accessories	32%
Food	18%
Décor	11%
Toys	11%
Media	8%

Our typical gift shop features approximately 4,000 stock keeping units. A selection of the food items are sold under the "Cracker Barrel Old Country Store" brand name. We believe that we achieve high retail sales per square foot of retail selling space (approximately $427 per square foot in 2019) as compared to mall stores both by offering appealing merchandise and by having a significant source of customers who are typically our restaurant guests.

Product Development and Merchandising: We maintain a product development department, which develops new and improved menu items either in response to shifts in customer preferences or to create customer interest. We use a formal development and testing process, which includes guest research and in-store market tests to ensure products brought to market have a greater likelihood of meeting our goals. Menu-driven growth is built through three areas: enhancements to our current core menu offerings, the addition of new core menu offerings and limited time offer promotions we call seasonal events. Our merchandising department selects and develops products for our gift shop. We are focused on driving retail sales by converting those customers who come to us for a restaurant visit. Our assortment includes core and seasonal themes. Our seasonal themes are designed to create interest and excitement in our stores by providing our guests with additional choices.

Store Management and Quality Controls: At each store, our store management typically consists of one general manager, four associate managers and one retail manager. Our store management is responsible for an average of 102 employees operating two shifts. The relative complexity of operating one of our stores requires an effective management team at the individual store level. To motivate store managers to improve sales and operational performance, we maintain bonus plans designed to provide store managers with an opportunity to share in the profits of their store. The bonus plans also reward managers who achieve specific operational targets. Each store is assigned to both a restaurant and a retail district manager who each report to a regional vice president.

To ensure that individual stores operate at a high level of quality, we focus significant attention on the selection and training of store managers. The store management recruiting and training program begins with an evaluation and screening process. In addition to multiple interviews and verification of background and experience, we conduct assessments designed to identify those applicants most likely to be best suited to manage store operations. Candidates who successfully pass this screening process are then required to complete a training program. We believe that our training programs develop managers who effectively deliver a great employee and guest experience through the leadership and execution of our operating systems. We provide our managers and hourly employees with ongoing training through various development courses taught through a blended learning approach, including a mix of hands-on, traditional classroom, written and cloud-based training. Each store is equipped with dedicated training computers and cloud-based proprietary eLearning instruction programs. Additionally, each store typically has an employee training coordinator who oversees the training of the store's hourly employees.

Purchasing and Distribution: We negotiate directly with food vendors as to specification, price and other material terms of most food purchases. We have a contract with an unaffiliated distributor with custom distribution centers in Lebanon, Tennessee; McKinney, Texas; Gainesville, Florida; Elkton, Maryland; Kendallville, Indiana; Rock Hill, South Carolina; and Shafter, California. We purchase the majority of our food products and restaurant supplies on a cost-plus basis through this unaffiliated distributor. The distributor is responsible for placing food orders, warehousing and delivering food products to our stores. Deliveries are generally made once per week to individual stores. Produce is purchased through a national program and is delivered three times a week through a network of approximately fifty independent produce suppliers. Fluid dairy is delivered three times a week through approximately fifty regional dairies, the majority of which are under the ownership of two separate companies.

The following table highlights the five food categories which accounted for the largest shares of our food purchasing expense in 2019:

	Percentage of Food Purchases in 2019
Beef	14%
Dairy (including eggs)	13%
Fruits and vegetables	12%
Poultry	11%
Pork	11%

Each of these categories includes several individual items. The single food item within these categories that accounted for the largest share of our food purchasing expense in 2019 was bacon at approximately 5% of total food purchases. Dairy, fruits and vegetables are purchased through numerous vendors, including local vendors. Eggs are purchased through five vendors. We purchase our pork through six vendors, poultry through eleven vendors and beef through nine vendors. Should any food items from a particular vendor become unavailable, we generally believe that these food items could be obtained, or alternative products substituted, in sufficient quantities from other sources at competitive prices to allow us to avoid any material adverse effects that could be caused by such unavailability.

We purchase the majority of our retail items (approximately 80% in 2019) directly from domestic and international vendors and warehouse, or crossdock, such items at our retail distribution center in Lebanon, Tennessee, which we lease. The distribution center fulfills retail item orders generated by our automated replenishment system and generally ships the retail orders once a week to the individual stores by a third-party dedicated freight line. Certain retail items, not centrally purchased and warehoused at the distribution center, are drop-shipped directly by our vendors to individual stores.

Approximately one-third of our 2019 retail items were purchased directly from vendors in the People’s Republic of China. We have relationships with several foreign buying agencies to source product, monitor quality control and supplement product development.

Operational and Inventory Controls: Our information technology and telecommunications systems and various analytical tools are used to evaluate store operating information and provide management with reports to support prompt detection of unusual variances in food costs, labor costs or operating expenses. Management also monitors individual store restaurant and retail sales on a daily basis and closely monitors sales mix, sales trends, operational costs and inventory levels. The information generated by the information technology and telecommunication systems, analysis tools and monitoring processes is used to manage the operations of each store, replenish retail inventory levels and facilitate retail purchasing decisions. These systems and processes also are used in the development of forecasts, budget analyses and planning.

Guest Satisfaction: We are committed to providing our guests a home-style, country-cooked meal, and a variety of retail merchandise served and sold with genuine hospitality in a comfortable environment. Our commitment to offering guests a quality experience begins with our employees. Our mission statement, “Pleasing People,” embraces guests and employees alike, and our employees are trained on the importance of that mission in a culture of mutual respect. We also are committed to staffing each store with an experienced management team to ensure attentive guest service and consistent food quality. Through the regular use of guest surveys and store visits by district managers and operational vice presidents, management receives valuable feedback that is used in our ongoing efforts to improve the stores and to demonstrate our continuing commitment to pleasing our guests. We have a guest-relations call center that takes comments and suggestions from guests and forwards them to operations or other management for information and follow up. We use Internet and interactive voice response systems to monitor operational performance and guest satisfaction at all stores on an ongoing basis. We have public notices in our menus, on our website and posted in our stores informing customers and employees about how to contact us by Internet or toll-free telephone number with questions, complaints or concerns regarding services or products. We conduct training on how to gather information and investigate and resolve customer concerns. This is accompanied by comprehensive training for all store employees on our public accommodations policy and commitment to “Pleasing People.”

Marketing: We employ multiple media to reach and engage our guests. Outdoor advertising (i.e., billboards and state department of transportation signs) is the largest advertising vehicle we use to reach our traveling and local guests. In 2019, we had over 1,600 billboards and this expenditure accounts for approximately one-third of total advertising spend annually. Our use of non-billboard media has increased in recent years as we look to build market awareness for local occasions. This increased support has used broadcast television, national cable, Internet, mobile, social, email and search marketing. We continued to increase our efforts in the digital space to drive preference and engagement with the brand. We now have properties on multiple social media sites, an e-commerce platform and our brand site. Our exclusive music program drives awareness for the brand and builds cultural relevance and affinity with our guests.

Store Development: We opened eight new stores in 2019. We plan to open six new stores during 2020. As of September 18, 2019, approximately 83% of our stores are located along interstate highways. Our remaining stores are located off-interstate or near tourist destinations. We pursue development of both interstate locations and off-interstate locations to capitalize on the strength of our brand with travelers on the interstate highway system and by locating in certain local markets where our guests live and work, including locations outside of our existing core markets and in states where we currently do not operate.

Of the 660 stores open as of September 18, 2019, we own the land and buildings for 420, while the other 240 properties are either ground leases or ground and building leases. Land costs for stores opened during 2019 averaged $1,026 per site if owned. Building, site improvement, furniture, equipment and related development costs for stores opened during 2019 averaged $4,700. Pre-opening costs averaged $587 per store in 2019.

Our current store prototype is approximately 9,000 square feet, including approximately 2,100 square feet of retail selling space, and has dining room seating for approximately 180 guests. Our capital investment in new stores may differ in the future due to changes in our store prototype, building design specifications, site location and site characteristics.

Holler & Dash Concept

In 2016, the Company launched its new fast casual concept, Holler & Dash Biscuit House™. The concept offers biscuit-inspired entrées and a unique portfolio of alcoholic and non-alcoholic beverage options. We did not open any new locations in 2019 and currently do not expect to open any new locations in 2020. As of September 18, 2019, seven Holler & Dash locations were open - all leased properties in Alabama, Florida, Tennessee, Georgia and North Carolina. The Holler & Dash concept operates in a smaller footprint than our Cracker Barrel Old Country Store concept and has operating hours limited to the breakfast and lunch day parts.

Punch Bowl Social

Effective July 18, 2019, the Company entered into a strategic relationship with Punch Bowl Social ("PBS"), a food, beverage and entertainment concept, by purchasing a non-controlling interest in the concept. PBS offers made-from-scratch food, a craft beverage program and social gaming. As of September 18, 2019, PBS has 18 locations in 12 states and plans to open ten additional locations by the end of calendar year 2020. The Company has committed to provide PBS with growth capital for future development. We believe the investment in PBS provides the Company with another vehicle to deliver shareholder value and drive continued growth.

EMPLOYEES

As of August 2, 2019, we employed approximately 73,000 people, of whom 576 were in advisory and supervisory capacities, 3,735 were in-store management positions and 39 were officers. Many store personnel are employed on a part-time basis. None of our employees is represented by any union, and management considers its employee relations to be good.

COMPETITION

The restaurant and retail industries are intensely competitive with respect to the type and quality of food, retail merchandise, price, service, location, personnel, concept, attractiveness of facilities and effectiveness of advertising and marketing. We compete with a significant number of national and regional restaurant and retail chains, some of which have greater resources than us, as well as locally owned restaurants and retail stores. We also face growing competition from the supermarket industry, which offers "convenient meals" in the form of improved entrées and side dishes from the deli section; fast casual restaurants; quick-service restaurants; and highly promotional casual and family dining restaurants. We expect competition to continue in all of these areas, which could cause consumers to choose less expensive alternatives. The restaurant and retail businesses are also often affected by changes in consumer taste and preference; national, regional or local economic conditions; demographic trends; traffic and weather patterns; the type, number and location of competing restaurants and retailers; and consumers' discretionary purchasing power. In addition, factors such as inflation, increased food, labor and benefits costs and the lack of experienced management and hourly employees may adversely affect the restaurant and retail industries in general and our stores in particular. We believe we compete effectively and have successfully differentiated ourselves from many of our competitors in the restaurant and retail industries through a unique brand and guest experience, which offers a diversified full service menu and a large variety of nostalgic and unique retail items. For further information regarding competition, see Item 1A. Risk Factors.

RAW MATERIALS SOURCES AND AVAILABILITY

Essential restaurant supplies and raw materials are generally available from several sources. Generally, we are not dependent upon single sources of supplies or raw materials. However, in our stores, certain branded items are single source products or product lines. Our ability to maintain consistent quality throughout our store system depends in part upon our ability to acquire food products and related items from reliable sources. When the supply of certain products is uncertain or prices are expected to rise significantly, we may enter into purchase contracts or purchase bulk quantities for future use.

Adequate alternative sources of supply, as well as the ability to adjust menus if needed, are believed to exist for substantially all of our restaurant products. Our retail supply chain generally involves longer lead-times and, often, more remote sources of product, including the People's Republic of China, and most of our retail product is distributed to our stores through a single distribution center. Although disruption of our retail supply chain could be difficult to overcome, we continuously evaluate the potential for disruptions and ways to mitigate such disruptions should they occur.

ENVIRONMENTAL MATTERS

Federal, state and local environmental laws and regulations have not historically had a significant impact on our operations; however, we cannot predict the effect of possible future environmental legislation or regulations on our operations.

TRADEMARKS

We deem the various Cracker Barrel trademarks and service marks that we own to be of substantial value. Our policy is to obtain federal registration of trademarks and other intellectual property whenever possible and to pursue vigorously any infringement of our trademarks and service marks.

RESEARCH AND DEVELOPMENT

While research and development is important to us, these expenditures have not been material due to the nature of the restaurant and retail industries.

SEASONAL ASPECTS

Historically, our revenue and profits have been lower in the first and third fiscal quarters and higher in the second and fourth fiscal quarters. We attribute these variations primarily to the holiday shopping season and the summer vacation and travel season. Our gift shop sales, which are made substantially to our restaurant guests, historically have been highest in our second quarter, which includes the holiday shopping season. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby generally contributing to higher profits in the Company's fourth quarter. We also generally open additional new stores throughout the year. Therefore, the results of operations for any interim period cannot be considered indicative of the operating results for an entire year.

WORKING CAPITAL

In the restaurant industry, substantially all sales are either for cash or third-party credit card. Therefore, like many 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 generally are 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 product turnover of the restaurant inventory. Employees generally are paid on weekly or semi-monthly schedules in arrears of 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.

ITEM 1A. RISK FACTORS

Investing in our securities involves a degree of risk. Persons buying our securities should carefully consider the risks described below and the other information contained in this Annual Report on Form 10-K and other filings that we make from time to time with the SEC, including our consolidated financial statements and accompanying notes. If any of the following risks actually occurs, our business, financial condition, results of operations or cash flows could be materially adversely affected. In any such case, the trading price of our securities could decline and you could lose all or part of your investment.

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.

Our business results depend on a number of industry-specific and general economic factors, many of which are beyond our control. These factors include consumer income, interest rates, inflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends and other matters that influence consumer confidence and spending. The full-service dining sector of the restaurant industry and the retail industry are affected by changes in national, regional and local economic conditions, seasonal fluctuation of sales volumes, consumer preferences, including changes in consumer tastes and dietary habits and the level of consumer acceptance of our restaurant concept and retail merchandise, and consumer spending patterns.

Discretionary consumer spending, which is critical to our success, is influenced by general economic conditions and the availability of discretionary income. Global economic factors and a weak economic recovery may reduce consumer confidence and affected consumers' ability or desire to spend disposable income. A deterioration in the economy or other economic conditions affecting disposable consumer income, such as unemployment levels, reduced home values, investment losses, inflation, business conditions, fuel and other energy costs, consumer debt levels, lack of available credit, consumer confidence, interest rates, tax rates and changes in tax laws, may adversely affect our business by reducing overall consumer spending or by causing customers to reduce the frequency with which they shop and dine out or to shift their spending to our competitors or to products sold by us that are less profitable than other product choices, all of which could result in lower revenues, decreases in inventory turnover, greater markdowns on inventory, and a reduction in profitability due to lower margins.

In addition, many of the factors discussed above, along with the current economic environment and the related impact on available credit, may affect us and our suppliers and other business partners, landlords, and customers in an adverse manner, including, but not limited to, reducing access to liquid funds or credit (including through the loss of one or more financial institutions that are a part of our revolving credit facility), increasing the cost of credit, limiting our ability to manage interest rate risk, increasing the risk of bankruptcy of our suppliers, landlords or counterparties to or other financial institutions involved in our revolving credit facility and our derivative and other contracts, increasing the cost of goods to us, and other adverse consequences which we are unable to fully anticipate.

We also cannot predict the effects of actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against any foreign state or group located in a foreign state or heightened security requirements on the economy or consumer confidence in the United States. Any of these events could also affect consumer sentiment and confidence that in turn affect consumer spending patterns or result in increased costs for us due to security measures.

Unfavorable changes in the factors described above or in other business and economic conditions affecting our customers could increase our costs, reduce traffic in some or all of our locations or impose practical limits on pricing, any of which could lower our profit margins and have a material adverse effect on our financial condition and results of operations.

There can be no assurance that the economic conditions that have adversely affected the restaurant and retail industries, and the capital, credit and real estate markets generally or us in particular will remain static in 2020, or thereafter, in which case we could experience declines in revenues and profits, and could face capital and liquidity constraints or other business challenges.

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 have had, and expect to continue to have, priorities and initiatives in various stages of testing, evaluation and implementation, upon which we expect to improve our results of operations and financial condition. These priorities and initiatives include, but are not limited to, tiered menu and retail pricing, evolving our marketing messaging to support the brand, improving the quality and breadth of retail assortments, evolving our menu, re-engineering store processes to reduce costs and improve store margins, applying technology to improve the employee and guest experience, expanding our store footprint, focusing on new and existing fast casual concepts, focusing on our off premise business and transactions such as strategic relationships, joint ventures and acquisitions. It is possible that our focus on these priorities and initiatives and constantly changing consumer preferences could cause unintended changes to our current results of operations. Additionally, many of these initiatives are inherently risky and uncertain in their application to our business in general, even when tested successfully on a more limited scale. It is possible that successful testing can result partially from resources and attention that cannot be duplicated in broader implementation. Testing and general implementation also can be affected by other risk factors described herein that reduce the results expected. Successful system-wide implementation across hundreds of stores and involving tens of thousands of employees relies on consistency of training, stability of workforce, ease of execution and the absence of offsetting factors that can adversely influence results. Failure to achieve successful implementation of our initiatives could adversely affect our 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 restaurant and retail industries are intensely competitive, and we face many well-established competitors. We compete within each market with national and regional restaurant and retail chains and locally owned restaurants and retailers. Competition from other regional or national restaurant and retail chains typically represents the more important competitive influence, principally because of their significant marketing and financial resources. We also face competition as a result of the convergence of grocery, deli, retail and restaurant services, particularly in the supermarket industry. We also face competition from various off-premise meal replacement offerings including, but not limited to, home meal kits delivery, third party meal delivery and catering and the rapid growth of these channels by our competitors. Moreover, our competitors can harm our business even if they are not successful in their own operations by taking away customers or employees through aggressive and costly advertising, promotions or hiring practices. We compete primarily on the quality, variety and perceived value of menu and retail items. The number and location of stores, the growth of e-commerce, type of concept, quality and efficiency of service, attractiveness of facilities and effectiveness of advertising and marketing programs also are important factors. We anticipate that intense competition will continue with respect to all of these factors. We also compete with other restaurant chains and other retail businesses for quality site locations, management and hourly employees, and competitive pressures could affect both the availability and cost of these important resources. If we are unable to continue to compete effectively, our business, financial condition and results of operations would be adversely affected.

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.

Our business is not static – it changes periodically as a result of many factors, including, among other items discussed in other risk factors, the following:

- increases and decreases in guest traffic, average weekly sales, restaurant and retail sales and restaurant profitability;
- the rate at which we open new stores, the timing of new store openings and the related high initial operating costs;
- changes in advertising and promotional activities and expansion into new markets; and
- impairment of long-lived assets and any loss on store closures.

Our quarterly operating results and restaurant and retail sales may fluctuate as a result of any of these or other factors. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year, and restaurant and retail sales for any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. In such event, the price of our securities could fluctuate dramatically over time or could decrease generally.

The price and availability of food, ingredients, retail merchandise, transportation, distribution and utilities used by our stores could adversely affect our revenues and results of operations.

We are subject to the general risks of inflation, and our operating profit margins and results of operations depend significantly on our ability to anticipate and react to changes in the price, quality and availability of food and other commodities, ingredients, retail merchandise, transportation, distribution, utilities and other related costs over which we have limited control. Fluctuations in economic conditions, weather, demand and other factors affect the availability, quality and cost of the ingredients and products that we buy. Furthermore, many of the products that we use and their costs are interrelated. Changes in global demand for corn, wheat and dairy products could cause volatility in the feed costs for poultry and livestock. The effect of, introduction of, or changes to tariffs or exchange rates on imported retail products or food products could increase our costs and possibly affect the supply of those products. Changes in demand for over the road transportation and distribution services could cause volatility, increase our costs and affect our operating margins. In addition, food safety concerns, widespread outbreaks of livestock and poultry diseases, such as, among other things, the avian flu and African swine fever, and product recalls, all of which are out of our control, and, in many instances, unpredictable, could also increase our costs and possibly affect the supply of livestock and poultry products. Our operating margins are also affected, whether as a result of general inflation or otherwise, by fluctuations in the price of utilities such as natural gas and electricity, on which our locations depend for much of their energy supply. Our inability to anticipate and respond effectively to one or more adverse changes in any of these factors could have a significant adverse effect on our results of operations. In addition, because we provide a moderately priced product, we may not seek to or be able to pass along price increases to our customers sufficient to completely offset cost increases.

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 ability to maintain consistent quality throughout our operations depends in part upon our ability to acquire specified food and retail products and supplies in sufficient quantities. Partly because of our size, finding qualified vendors and accessing food, retail products, supplies and certain outsourced services in a timely and efficient manner is a significant challenge that typically is more difficult with respect to goods or services sourced outside the United States. In some cases, we may have only one supplier for a product or service. Our dependence on single-source suppliers subjects us to the possible risks of shortages, interruptions and price fluctuations, and possible litigation when we change vendors because of performance issues. Global economic factors and the weak economic recovery continue to put significant pressure on suppliers, with some suppliers facing financial distress and others attempting to rebuild profitability, all of which tends to make the supply environment more expensive. If any of these vendors is unable to fulfill its obligations, or if we are unable to find replacement suppliers in the event of a supply disruption, we could encounter supply shortages and/or incur higher costs to secure adequate supplies, either of which could materially harm our business.

Additionally, we use a number of products that are or may be manufactured in a number of foreign countries. In addition to the risk presented by the possible long lead times to source these products, our results of operations may be materially affected by risks such as:

- tariffs, trade barriers, sanctions, import limitations and other trade restrictions by the U.S. government on products or components shipped from foreign sources (particularly, the People’s Republic of China);
- fluctuating currency exchange rates or control regulations;
- foreign government regulations;
- product testing regulations;
- foreign political and economic instability; and
- disruptions due to labor stoppages, strikes or slowdowns, or other disruptions, involving our vendors or the transportation and handling industries.

Possible shortages or interruptions in the supply of food items, retail merchandise and other supplies to our stores caused by inclement weather, natural disasters such as droughts, floods and earthquakes, the inability of our vendors to obtain credit in a tightened credit market or other conditions beyond our control could adversely affect the availability, quality and cost of the items we buy and the operations of our stores. Our inability to effectively manage supply chain risk could increase our costs and limit the availability of products that are critical to our store operations. If we temporarily close a store or remove popular items from a store's menu or retail product assortment, that store may experience a significant reduction in revenue during the time affected by the shortage or thereafter as a result of our customers changing their dining and shopping habits.

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.

The sale of food and prepared food products for human consumption involves the risk of injury to our customers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling and transportation phases. Additionally, many of the food items on our menu contain beef and chicken. The preferences of our customers toward beef and chicken could be affected by health concerns about the consumption of beef or chicken or health concerns and publicity concerning food quality, illness and injury generally. In recent years there has been publicity concerning E. coli bacteria, hepatitis A, "mad cow" disease, "foot-and-mouth" disease, salmonella, the bird/avian flu, African swine fever, peanut and other food allergens, and other public health concerns affecting the food supply, including beef, chicken, pork, dairy and eggs. In addition, if a regional or global health pandemic occurs, depending upon its location, duration and severity, our business could be severely affected. In the event a health pandemic occurs, customers might avoid public places, and local, regional or national governments might limit or ban public gatherings to halt or delay the spread of disease. A regional or global health pandemic might also adversely affect our business by disrupting or delaying production and delivery of materials and products in our supply chain and by causing staffing shortages in our stores. In addition, government regulations or the likelihood of government regulation could increase the costs of obtaining or preparing food products. A decrease in guest traffic to our stores, a change in our mix of products sold or an increase in costs as a result of these health concerns either in general or specific to our operations, could result in a decrease in sales or higher costs to our stores that would materially harm our business.

We are dependent upon attracting and retaining qualified employees while also controlling labor costs.

Our performance is dependent on attracting and retaining a large and growing number of qualified store employees. Availability of staff varies widely from location to location. Many staff members are in entry-level or part-time positions, typically with high rates of turnover. Even though recent trends in employee turnover have been favorable, if store management and staff turnover were to increase, we could suffer higher direct costs associated with recruiting, training and retaining replacement personnel. Management turnover as well as general shortages in the labor pool can cause our stores to be operated with reduced staff, which negatively affects our ability to provide appropriate service levels to our customers. Competition for qualified employees exerts upward pressure on wages paid to attract such personnel, resulting in higher labor costs, together with greater recruiting and training expenses.

Our ability to meet our labor needs while controlling our costs is subject to external factors such as unemployment levels, minimum wage legislation, health care legislation, payroll taxes and changing demographics. Many of our employees are hourly workers whose wages are affected by increases in the federal or state minimum wage or changes to tip credits. Tip credits are the amounts an employer is permitted to assume an employee receives in tips when the employer calculates the employee's hourly wage for minimum wage compliance purposes. Increases in minimum wage levels and changes to the tip credit have been made and continue to be proposed at both federal and state levels. As minimum wage rates increase, we may need to increase not only the wages of our minimum wage employees but also the wages paid to employees at wage rates that are above minimum wage. If competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profitability may decline.

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.

One of the means of achieving our growth objectives is opening and operating new and profitable stores. This strategy involves numerous risks, and we may not be able to open all of our planned new stores and the new stores that we open may not be profitable or as profitable as our existing stores.

A significant risk in executing our business strategy is locating, securing and profitably operating an adequate supply of suitable new store sites. Competition for suitable store sites and operating personnel in our target markets is intense, and there can be no assurance that we will be able to find sufficient suitable locations, or negotiate suitable purchase or lease terms, for our planned expansion in any future period. Recently, our target markets have been expanded to include markets that are outside of our existing core markets and in states where we currently do not have existing operations, which increases the risk of executing our business strategy. Economic conditions may also reduce commercial development activity and limit the availability of attractive sites for new stores. New stores typically experience an adjustment period before sales levels and operating margins normalize, and even sales at successful newly opened stores generally do not make a significant contribution to profitability in their initial months of operation. Our ability to open and operate new stores successfully also depends on numerous other factors, some of which are beyond our control, including, among other items discussed in other risk factors, the following: our ability to control construction and development costs of new stores; our ability to manage the local, state or other regulatory approvals and permits, zoning and licensing processes in a timely manner; our ability to appropriately train employees and staff the stores; consumer acceptance of our stores in new markets; and our ability to manage construction delays related to the opening of a new store. Delays or failures in opening new stores, or achieving lower than expected sales in new stores, or drawing a greater than expected proportion of sales in new stores from existing stores, could materially adversely affect our business strategy and could have an adverse effect on our business and results of operations.

Our capital structure contains significant indebtedness, which may decrease our flexibility, increase our borrowing costs and adversely affect our liquidity. In addition, we cannot provide any guarantee of future cash dividend payments or that we will be able to actively repurchase our common stock pursuant to a share repurchase program.

Our consolidated indebtedness and our leverage ratio may have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing borrowing costs. There are various financial covenants and other restrictions in our revolving credit facility. If we fail to comply with any of these requirements, the related indebtedness (and other unrelated indebtedness) could become due and payable prior to its stated maturity. A default under our credit agreement may also significantly affect our ability to obtain additional or alternative financing. For example, the lenders' ongoing obligation to extend credit under the revolving credit facility is dependent upon our compliance with these covenants and restrictions.

Our ability to make scheduled interest payments or to refinance our obligations with respect to indebtedness will depend on our operating and financial performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. Our inability to refinance our indebtedness when necessary or to do so upon attractive terms would materially and adversely affect our liquidity and results of operations.

In recent years, we have increased the quarterly cash dividends on our common stock and, beginning in 2015, we have also declared special dividends on our common stock. Any determination to pay cash dividends on our common stock in the future will be based primarily upon our financial condition, results of operations, business requirements and our Board of Directors' conclusion that the declaration of cash dividends is in the best interest of our shareholders and is in compliance with all laws and agreements applicable to the payment of dividends. Furthermore, there can be no assurance that we will be able to actively repurchase our common stock and we may discontinue plans to repurchase common stock at any time.

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 financial reporting complies with the United States generally accepted accounting principles ("GAAP"), and GAAP is subject to change over time. If new rules or interpretations of existing rules require us to change our financial reporting (including the lease accounting changes which we will adopt in 2020), our reported results of operations and financial condition could be affected substantially, including requirements to restate historical financial reporting.

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.

The majority of our retail inventory is shipped into, stored at and shipped out of a single warehouse located in Lebanon, Tennessee. All of the decorative fixtures used in our stores are shipped into, stored at and shipped out of a separate warehouse that is also located in Lebanon, Tennessee. A natural disaster affecting either of these warehouses could materially adversely affect our business. Additionally, our corporate systems and processes and support for our restaurant and retail operations are centralized on one campus in Tennessee. We have disaster recovery procedures and business continuity plans in place to address most events and back up and offsite locations for recovery of electronic and other forms of data and information. However, if we are unable to implement our disaster recovery and business continuity plans, we may experience delays in recovery of data, failure to support field operations, tardiness in required reporting and compliance and the inability to perform vital corporate functions which could 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.

We rely extensively on our information technology across our operations, including, but not limited to, point of sales processing, supply chain management, retail merchandise allocation and distribution, labor productivity and expense management Our business depends significantly on the reliability, security and capacity of our information technology systems to process these transactions, summarize results, manage and report on our business and our supply chain. Our information technology systems are subject to damage or interruption from power outages, computer, network, cable system, Internet and telecommunications failures, computer viruses, security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by our employees. If our information technology and telecommunication systems are damaged or cease to function properly, we may have to make a significant investment to repair or replace them, and we could suffer loss of critical data and interruptions or delays in our operations in the interim. Any material interruption in our information technology and telecommunication systems could adversely affect our business or results of operations. In addition, some of these essential technology-based business systems are outsourced to third parties. While we make efforts to ensure that our outsourced providers are observing proper standards and controls, we cannot guarantee that breaches, disruptions or failures caused by these providers will not occur.

Our ability to manage our retail inventory levels and changes in merchandise mix may adversely affect our business.

The long lead times required for a substantial portion of our retail merchandise and the risk of product damages or non-compliance with required specifications could affect the amount of inventory we have available for sale. Additionally, our success depends on our ability to anticipate and respond in a timely manner to changing consumer demand and preferences for merchandise. If we misjudge the market, we may overstock unpopular products and be forced to take significant markdowns, which could reduce our gross margin. Conversely, if we underestimate demand for our merchandise we may experience inventory shortages resulting in lost revenues. Any of these factors could have an adverse effect on our results of operations, cash flows from operations and our financial condition.

A privacy breach could adversely affect our business.

The protection of customer, employee and company data is critical to us. We are subject to laws relating to information security, privacy, cashless payments, consumer credit, and fraud. Additionally, an increasing number of government and industry groups have established laws and standards for the protection of personal and health information. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. Compliance with these requirements may result in cost increases due to necessary system changes and the development of new administrative processes. In addition, customers and employees have a high expectation that we will adequately protect their personal information. For example, in connection with credit and debit card sales, we transmit confidential card information. Third parties may have the technology or know-how to breach the security of this customer information, and our security measures and those of our technology vendors may not effectively prevent others from obtaining improper access to this information. If we fail to comply with the laws and regulations regarding privacy and security or experience a security breach, we could be exposed to risks of data loss, regulatory investigations and/or penalties, a loss of the ability to process credit and debit card payments, substantial inconvenience or harm to our guests, litigation and serious disruption of our operations. Additionally, any resulting negative publicity could significantly harm our reputation and damage our relations with our guests. As privacy and information security laws, regulations and practices change and cyber risks continue to evolve, we may incur additional costs to ensure we remain in compliance and protect guest, employee and Company information.

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.

The restaurant industry is subject to extensive federal, state and local laws and regulations, including those relating to food safety, minimum wage and other labor issues (such as unionization), health care, menu labeling and building and zoning requirements and those relating to the preparation and sale of food as well as certain retail products. The development and operation of our stores depend to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. We are also subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards, federal and state laws governing our relationships with employees (including the Fair Labor Standards Act of 1938, the Immigration Reform and Control Act of 1986, the Patient Protection and Affordable Care Act, the Health Care and Education Reconciliation Act of 2010 and applicable requirements concerning minimum wage, overtime, healthcare coverage, family leave, medical privacy, tip credits, working conditions, safety standards and immigration status), federal and state laws which prohibit discrimination and other laws regulating the design and operation of facilities, such as the Americans With Disabilities Act of 1990. In addition, we are subject to a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. We also face risks from new and changing laws and regulations relating to gift cards, nutritional content, nutritional labeling, product safety and menu labeling. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

Increases in state or federal minimum wage rates, including recent proposals to increase state or federal minimum wage rates and index future increases to inflation, or other changes in these laws could increase our labor costs. Our ability to respond to minimum wage increases by increasing menu prices will depend on the responses of our competitors and customers. Our distributors and suppliers also may be affected by higher minimum wage and benefit standards and tracking costs, which could result in higher costs for goods and services supplied to us.

The Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 required restaurant companies such as ours to disclose calorie and nutritional information on their menus effective as of May 2018. We cannot fully predict the long-term changes, if any, in guest behavior that could result from implementation of this provision, which may have an adverse effect on our sales or results of operations.

There also has been increasing focus by U.S. and foreign governmental authorities on environmental matters, such as climate change, the reduction of greenhouse gases and water consumption. This increased focus may lead to new initiatives directed at regulating an as yet unspecified array of environmental matters. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in taxes, the cost of raw materials, transportation and utilities, which could decrease our operating profits and necessitate future investments in facilities and equipment.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations could increase our compliance and other costs of doing business and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings. Also, the failure to obtain and maintain required licenses, permits and approvals could adversely affect our operating results. Typically, licenses must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that our conduct violates applicable regulations, which could adversely affect our business and results of operations.

Our advertising is heavily dependent on billboards, which are highly regulated, and our evolving marketing strategy involves increased advertising and marketing costs that could adversely affect our results of operations.

Historically, we have relied upon billboards as our principal method of advertising. A number of states in which we operate restrict highway signage and billboards. Because many of our stores are located on the interstate highway system, our business is highly related to highway travel. Thus, signage or billboard restrictions or loss of existing signage or billboards could adversely affect our visibility and ability to attract customers.

Additionally, as we continue to evolve our marketing strategy, we are increasingly utilizing more traditional and higher cost methods of advertising, such as national cable television, radio and online and digital media. These types of advertising, their effects upon our revenues and, in turn, our profits, are uncertain. Additionally, if our competitors increased their spending on advertising and promotions, we could be forced to substantially increase our advertising, media or marketing expenses. If we did so or if our current advertising and promotion programs become less effective, we could experience a material adverse effect on our results of operations.

Our expansion into new geographic markets may present increased risks due to our relative unfamiliarity with these markets.

Some of our new store locations may be located in areas where we have lower market presence and, as a result, less or no meaningful business experience than in our traditional, existing markets. Those new markets may have different competitive conditions, consumer tastes and discretionary spending patterns than our traditional, existing markets, which may cause our new store locations to be less successful than restaurants in our existing markets. An additional risk of expanding into new markets is the potential for lower or lacking market awareness of our brand in those areas. Stores opened in new markets may open at lower average weekly sales volumes than stores opened in existing markets and may have higher store-level operating expense ratios than in existing markets. Sales at stores opened in new markets may take longer to reach average unit volume and margins, if at all, thereby affecting our overall profitability.

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.

Multi-unit businesses such as ours can be adversely affected by publicity resulting from complaints or litigation alleging poor food quality, poor service, food-borne illness, product defects, personal injury, adverse health effects (including obesity) or other concerns stemming from one or a limited number of our stores. Even when the allegations or complaints are not valid, unfavorable publicity relating to one or more of our stores, or only to a single store, could adversely affect public perception of the entire brand. Additionally, negative publicity from online social network postings may also result from actual or alleged incidents taking place in our stores. Adverse publicity and its effect on overall consumer perceptions of food safety or customer service could have a material adverse effect on our business, financial condition and results of operations.

Our business is somewhat seasonal and also can be affected by extreme weather conditions and natural disasters.

Historically, our highest sales and profits have occurred during the second and fourth quarters, which include the holiday shopping season and the summer vacation and travel season. Retail sales historically have been seasonally higher between Thanksgiving and Christmas. Therefore, the results of operations for any quarter or period of less than one year cannot be considered indicative of the operating results for an entire year.

Additionally, extreme weather conditions in the areas where our stores are located can adversely affect our business. For example, frequent or unusually heavy snowfall, ice storms, rain storms, floods, droughts or other extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores and can disrupt deliveries of food and supplies to our stores and thereby reduce our sales and profitability. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our retail inventory incompatible with those unseasonable conditions. Reduced sales from extreme or prolonged unseasonable weather conditions could adversely affect our business. These risks may be exacerbated in the future as some climatologists predict that the long-term effects of climate change may result in more severe, volatile weather.

In addition, natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could severely damage or destroy one or more of our stores, warehouses or suppliers located in the affected areas, thereby disrupting our business operations for a more extended period of time.

Individual store locations are affected by local conditions that could change and adversely affect the carrying value of those locations.

The success of our business depends on the success of individual locations, which in turn depends on stability of or improvements in operating conditions at and around those locations. Our revenues and expenses can be affected significantly by the number and timing of the opening of new stores and the closing, relocating and remodeling of existing stores. We incur substantial pre-opening expenses each time we open a new store and other expenses when we close, relocate or remodel existing stores. The expenses of opening, closing, relocating or remodeling any of our stores may be higher than anticipated. An increase in such expenses could have an adverse effect on our results of operations. Also, as demographic and economic patterns (e.g., highway or roadway traffic patterns, concentrations of general retail or hotel activity, local population densities or increased competition) change, current locations may not continue to be attractive or profitable. Possible declines in neighborhoods where our stores are located or adverse economic conditions in areas surrounding those neighborhoods could result in reduced revenues in those locations. The occurrence of one or more of these events could have a material adverse effect on our revenues and results of operations as well as the carrying value of our individual locations.

Failure to maximize or to successfully assert our intellectual property rights could adversely affect our business and results of operations.

We rely on trademark, trade secret and copyright laws to protect our intellectual property rights. We cannot guarantee that these intellectual property rights will be maximized or that they can be successfully asserted. There is a risk that we will not be able to obtain and perfect our own, or, where appropriate, license intellectual property rights necessary to support new product introductions or other brand extensions. We cannot be sure that these rights, if obtained, will not be invalidated, circumvented or challenged in the future. Our failure to perfect or successfully assert our intellectual property rights could make us less competitive and could have an adverse effect on our business and results of operations.

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.

Some of our business processes are currently outsourced to third parties. Such processes include distribution of food and retail products to our store locations and customers, credit and debit card authorization and processing, gift card tracking and authorization, employee payroll card services, health care and workers' compensation insurance claims processing, wage and related tax credit documentation and approval, guest satisfaction survey programs, employee engagement surveys and externally hosted business software applications. We cannot ensure that all providers of outsourced services are observing proper internal control practices, such as redundant processing facilities, and there are no guarantees that failures will not occur. Failure of third parties to provide adequate services could have an adverse effect on our financial condition and results of operations.

We rely on certain technology licensed from third parties and may be required to license additional technology in the future for use in managing our Internet sites and providing services to our guests and employees. These third-party technology licenses may not continue to be available to us on acceptable terms or at all. The inability to enter into and maintain these technology licenses could adversely affect our business.

Our non-controlling interest in PBS, as well as other strategic investments or initiatives that the Company may pursue now or in the future, may not yield their expected benefits, resulting in a loss of some or all of the Company's investment.

In 2019, the Company purchased a non-controlling interest in PBS. The non-controlling interest requires the Company to participate in its respective share of profits or losses from the PBS business and provide growth capital for brand expansion. Due to the growth nature of the acquired interest, future outcomes of PBS's financial results and operating condition may present a risk of loss of the Company's initial and any on-going capital contributions as well as have an adverse impact on our business, financial condition and results of operations.

In addition, the Company may, from time to time, evaluate and pursue other opportunities for growth, including through strategic investments, joint ventures, and other acquisitions. These strategic initiatives involve various inherent risks, including, without limitation, general business risk, integration and synergy risk, market acceptance risk and risks associated with the potential distraction of management. Such transactions and initiatives may not ultimately create value for us or our stockholders and may harm our reputation and materially adversely affect our business, financial condition and results of operations.

Litigation may adversely affect our business, financial condition and results of operations.

Our business is subject to the risk of litigation by employees, guests, suppliers, shareholders, governmental agencies, competitors or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. These actions and proceedings may involve allegations of illegal, unfair or inconsistent employment practices, including wage and hour violations and employment discrimination; guest discrimination; food safety issues, including poor food quality, food-borne illness, food tampering, food contamination, and adverse health effects from consumption of various food products or high-calorie foods (including obesity); other personal injury; trademark and patent infringement; violation of the federal securities laws; or other concerns. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend future litigation may be significant. There may also be adverse publicity associated with litigation that could decrease guest or consumer acceptance of our brand, regardless of whether the allegations are valid or we ultimately are found liable. Litigation could adversely impact our operations and our ability to expand our brand in other ways as well. As a result, 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.

We have assembled a senior management team which has substantial background and experience in the restaurant and retail industries. Our future growth and success depends substantially on the contributions and abilities of our senior management and other key personnel, and we design our compensation programs to attract and retain key personnel and facilitate our ability to develop effective succession plans. If we fail to attract or retain senior management or other key personnel, our succession planning and operations could be materially and adversely affected. We must continue to recruit, retain and motivate management and other employees sufficiently to maintain our current business and support our projected growth. A loss of key employees or a significant shortage of high-quality store employees could jeopardize our ability to meet our business goals.

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 insurance coverage is structured to include deductibles, self-insured retentions, limits of liability, stop loss limits and similar provisions that we believe are prudent based on our operations. However, there are types of losses we may incur against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of terrorism and some natural disasters, including floods. If we incur such losses, our business could suffer. In addition, we self-insure a significant portion of expected losses under our workers' compensation, general liability and group health insurance programs. Unanticipated changes in the actuarial assumptions and management estimates underlying our reserves for these losses, including unexpected increases in medical and indemnity costs, could result in materially different amounts of expense than expected under these programs.

Failure of our internal control over financial reporting could adversely affect our business and financial results.

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. The identification of a material weakness could indicate a lack of controls adequate to generate accurate financial statements that, in turn, could cause a loss of investor confidence and decline in the market price of our common stock. We cannot assure you that we will be able to timely remediate any material weaknesses that may be identified in future periods or maintain all of the controls necessary for continued compliance. Likewise, we cannot assure you that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies.

Our business could be negatively affected as a result of actions of activist shareholders.

The Lion Fund II, L.P., an affiliate of Biglari Holdings Inc. ("BH"), is the beneficial owner of approximately 9.2% of our outstanding common stock as of August 12, 2019. In the past, BH and its affiliates have nominated candidates for election to our board of directors at our annual meetings of shareholders, resulting in proxy contests, and called publicly for special meetings of shareholders to consider other proposals. While BH and its affiliates have not nominated director candidates for election at our 2019 Annual Meeting of Shareholders, the actions of BH and its affiliates or another activist shareholder in the future could adversely affect our business because:

- responding to public proposals, special meeting requests and other actions by activist shareholders can disrupt our operations, be costly and time-consuming, and divert the attention of our management and employees;
- perceived uncertainties as to our future direction may result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners; and
- pursuit of an activist shareholder's agenda may adversely affect our ability to effectively implement our business strategy and create additional value for our shareholders.

Provisions in our charter, Tennessee law and our shareholder rights plan may discourage potential acquirers of the Company.

Our charter documents contain provisions that may have the effect of making it more difficult for a third party to acquire or attempt to acquire control of the Company. In addition, we are subject to certain provisions of Tennessee law that limit, in some cases, our ability to engage in certain business combinations with significant shareholders. In addition, we have adopted a shareholder rights plan, which provides, among other things, that when specified events occur, our shareholders will be entitled to purchase from us shares of junior preferred stock. The shareholder rights plan will expire on April 9, 2021. The preferred stock purchase rights are triggered ten days after the date of a public announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of our outstanding common stock. The preferred stock purchase rights would cause dilution to a person or group that attempts to acquire the Company on terms that do not satisfy the requirements of a qualifying offer under the shareholder rights plan or are otherwise not approved by our Board of Directors.

These provisions, either alone or in combination with each other, give our current directors and executive officers a substantial ability to influence the outcome of a proposed acquisition of the Company. These provisions would apply even if an acquisition or other significant corporate transaction was considered beneficial by some of our shareholders. If a change in control or change in management is delayed or prevented by these provisions, the market price of our securities could decline.

Changes in interest rates may adversely affect our earnings and/or cash flows.

Our indebtedness under our revolving credit facility bears interest at variable interest rates that use the London Inter-Bank Offered Rate ("LIBOR") as a benchmark rate. On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit LIBOR quotations after 2021 (the "FCA Announcement"). The FCA announcement indicates that the continuation of LIBOR on the current basis cannot and will not be assured after 2021, and LIBOR may cease to exist or otherwise be unsuitable for use as a benchmark. Recent proposals for LIBOR reforms may result in the establishment of new methods of calculating LIBOR or the establishment of one or more alternative benchmark rates. Although our credit facility provides for successor base rates, the successor base rates may be related to LIBOR, and the consequences of any potential cessation, modification or other reform of LIBOR cannot be predicted at this time. If LIBOR ceases to exist, we may need to amend our credit facility, and we cannot predict what alternative interest rate(s) will be negotiated with our counterparties. As a result, our interest expense may increase, our ability to refinance some or all of our existing indebtedness may be impacted and our available cash flow may be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our home office headquarters and warehouse facilities are located on approximately 90 acres of land owned by the Company in Lebanon, Tennessee. We use approximately 250,000 square feet of office space for our home office headquarters and decorative fixtures warehouse. We also lease our retail distribution center, which consists of approximately 370,000 square feet of warehouse facilities and an additional approximately 14,000 square feet of office and maintenance space.

In addition to the various corporate facilities, we have four owned properties for future development, a motel used for housing management trainees and for the general public, and four parcels of excess real property and improvements that we intend to sell.

In addition to the properties mentioned above, we own or lease the following store properties (including both our 660 Cracker Barrel Old Country Store locations and seven locations for our Holler & Dash brand) as of September 18, 2019:

State	Owned	Leased	State	Owned	Leased
Tennessee	37	16	New Jersey	2	4
Florida	40	20	Kansas	3	2
Texas	33	19	Oregon	0	5
Georgia	31	17	Wisconsin	5	0
North Carolina	24	17	California	0	4
Kentucky	23	14	Colorado	3	1
Alabama	22	11	Massachusetts	0	4
Virginia	19	13	New Mexico	3	1
Ohio	22	9	Utah	4	0
Indiana	22	7	Idaho	2	1
South Carolina	14	12	Iowa	3	0
Pennsylvania	9	16	Connecticut	1	1
Illinois	19	2	Montana	2	0
Missouri	15	3	Nebraska	1	1
Michigan	12	3	Nevada	0	2
Mississippi	10	4	Delaware	0	1
Arizona	2	11	Maine	0	1
Arkansas	5	7	Minnesota	1	0
Louisiana	8	2	New Hampshire	1	0
Maryland	3	6	North Dakota	1	0
New York	8	1	Rhode Island	0	1
West Virginia	3	6	South Dakota	1	0
Oklahoma	6	2		420	247

We believe that our properties are suitable, adequate, well-maintained and sufficient for the operations contemplated. See “Operations” and “Store Development” in Item 1 of this Annual Report on Form 10-K for additional information on our properties.

ITEM 3. LEGAL PROCEEDINGS

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.

Pursuant to Instruction 3 to Item 401(b) of Regulation S-K and General Instruction G(3) to Form 10-K, the following information is included in Part I of this Form 10-K.

Information about Our Executive Officers

The following table sets forth certain information concerning our executive officers:

Name	Age	Position with the Company
Sandra B. Cochran	61	President and Chief Executive Officer
Jill M. Golder	57	Senior Vice President and Chief Financial Officer
Laura A. Daily	55	Senior Vice President, Retail
Michael T. Hackney	63	Senior Vice President, Operations
Richard M. Wolfson	53	Senior Vice President, General Counsel and Secretary
Doug Couvillion	55	Senior Vice President, Sourcing and Supply Chain
Jeffrey M. Wilson	44	Vice President, Corporate Controller and Principal Accounting Officer

The following information summarizes the business experience of each of our executive officers for at least the past five years:

Ms. Cochran has been employed with us since 2009 and assumed her current position as President and Chief Executive Officer in September 2011, when she also became a member of our Board of Directors. Prior to September 2011, Ms. Cochran served as our President and Chief Operating Officer since November 2010 and as our Executive Vice President and Chief Financial Officer from April 2009 to November 2010. Before joining us in April 2009, she was the Chief Executive Officer of Books-A-Million, Inc. Ms. Cochran has 26 years of experience in the retail industry and nine years of experience in the restaurant industry.

Ms. Golder has been employed with us since April 2016 and assumed the responsibilities of Senior Vice President and Chief Financial Officer in June 2016. Prior to April 2016, she served as Executive Vice President and Chief Financial Officer of Ruby Tuesday, Inc. since June 2014, and as Senior Vice President, Finance from April 2013 to June 2014. Prior to her tenure with Ruby Tuesday, Inc., she was Chief Financial Officer of Cooper’s Hawk Winery & Restaurants from December 2012 to April 2013. Before joining Cooper’s Hawk Winery & Restaurants, Ms. Golder spent 23 years at Darden Restaurants, Inc., where she held progressively more responsible positions in finance, including Senior Vice President of Finance. Ms. Golder has almost 32 years of experience in the restaurant industry.

Ms. Daily has been employed with us as Senior Vice President, Retail since May 2012. Prior to May 2012, she served as Vice President for Ballard Designs, an Internet and catalog home furnishings retailer that is part of HSN, Inc., where she was in charge of all merchandising and trends for the company. She has over 26 years of experience as a merchant with a number of retail organizations.

Mr. Hackney has been employed with us since 2010 and assumed his current position in April 2019. From 2010 to 2019, he served in various capacities in both operations and home office functions including Regional Vice President, Vice President of Training and Leadership and Vice President of People and Talent. Mr. Hackney has over 40 years of experience in the restaurant industry.

Mr. Wolfson has been employed with us in his current capacity since July 2017. From January 2006 to April 2017, he served as Vice President, General Counsel and Corporate Secretary at CLARCOR Inc., an industrial company. From 2001 to 2006, he was a partner of the InterAmerican Group, an advisory services and private equity firm. Mr. Wolfson has over 27 years of legal experience.

Mr. Couvillion has been employed with us since 2001 and assumed his current position in November 2016. From 2001 to 2016, he served in various capacities including Vice President of Supply Chain and Quality Assurance and Corporate Controller and Principal Accounting Officer. Mr. Couvillion has 25 years of experience in the restaurant industry and 18 years of experience in the retail industry.

Mr. Wilson has been employed with us since 2007 and assumed his current position in June 2015. From 2007 to 2015, he served in various capacities including Vice President, Operations Analysis. Mr. Wilson has 22 years of experience in the restaurant industry and eight years of experience in the retail industry.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the Nasdaq Global Select Market ("Nasdaq") under the symbol "CBRL." There were 7,864 shareholders of record as of September 18, 2019.

See Note 6 to Consolidated Financial Statements with respect to dividend restrictions.

See the table labeled "Equity Compensation Plan Information" to be contained in the 2019 Proxy Statement, incorporated by reference in Part III, Item 12 of this Annual Report on Form 10-K.

Part III, Item 12 of this Annual Report on Form 10-K is incorporated herein by this reference.

Unregistered Sales of Equity Securities

There were no equity securities sold by the Company during the period covered by this Annual Report on Form 10-K that were not registered under the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities

On September 25, 2018, our Board of Directors approved the repurchase of up to $25,000 of our common stock, with such authorization to expire on October 4, 2019 to the extent it remains unused. On June 3, 2019, our Board of Directors approved an increase in our share repurchase authorization of up to $50,000, with such authorization to expire on June 2, 2020. This share repurchase authorization was effective immediately and replaced the prior share repurchase authorization of up to $25,000. We did not repurchase any of our common stock in the fourth quarter ended August 2, 2019.

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ITEM 6. SELECTED FINANCIAL DATA

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

	August 2, 2019[(a)]	August 3, 2018[(b)]	July 28, 2017	July 29, 2016	July 31, 2015[(c)]
Selected Income Statement Data:					
Total revenue	$ 3,071,951	$ 3,030,445	$ 2,926,289	$ 2,912,351	$ 2,842,284
Net income	223,401	247,620	201,899	189,299	163,903
Net income per share:					
Basic	9.29	10.31	8.40	7.91	6.85
Diluted	9.27	10.29	8.37	7.86	6.82
Dividends declared per share	8.05	8.60	8.15	7.70	7.10
Dividends paid per share	8.00	8.55	8.10	10.65	4.00
As Percent of Total Revenue:					
Cost of goods sold (exclusive of depreciation and rent)	30.3%	30.9%	30.5%	31.9%	32.5%
Labor and related expenses	35.1	34.8	34.8	34.6	34.9
Other store operating expenses	20.4	19.9	19.2	19.0	18.4
Store operating income	14.2	14.4	15.5	14.5	14.2
General and administrative expenses	5.0	4.7	4.8	4.9	5.2
Operating income	9.2	9.7	10.7	9.6	9.0
Income before income taxes	8.7	9.2	10.2	9.1	8.4
Selected Balance Sheet Data:					
Working capital (deficit)	$ (150,094)	$ (57,867)	$ (16,971)	$ (13,077)	$ 11,213
Investment in unconsolidated subsidiary	89,100	—	—	—	—
Total assets	1,581,225	1,527,355	1,521,942	1,497,664	1,576,208
Long-term debt	400,000	400,000	400,000	400,000	400,000
Long-term interest rate swap liability	10,483	—	6,833	22,070	8,704
Other long-term obligations	129,439	128,794	129,353	126,608	133,594
Shareholders' equity	604,710	581,781	544,507	526,443	538,268
Selected Cash Flow Data:					
Purchase of property and equipment, net	$ 137,540	$ 151,633	$ 110,108	$ 113,360	$ 90,490
Purchase of investment in unconsolidated subsidiary	89,100	—	—	—	—
Share repurchases	—	14,772	—	14,653	—
Selected Other Data:					
Common shares outstanding at end of year	24,049,240	24,011,550	24,055,682	23,956,134	23,975,755
Stores open at end of year	667	660	649	641	637
Average Unit Volumes[(d)]:					
Restaurant	$ 3,735	$ 3,724	$ 3,646	$ 3,651	$ 3,581
Retail	887	902	892	926	904
Comparable Store Sales[(e)]:					
Period to period increase (decrease) in comparable store sales:					
Restaurant	2.6%	0.6%	0.2%	2.2%	5.1%
Retail	0.1	(0.1)	(3.7)	2.7	3.6
Number of stores in comparable base	640	635	632	623	621

(a) Effective July 18, 2019, the Company entered into a strategic relationship with PBS by purchasing a non-controlling interest in PBS for $89,100.

(b) Fiscal 2018 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 2018 results as follows: total revenue, $58,353; store operating income, 0.1% of total revenue; operating income, 0.2% of total revenue; net income, 0.2% of total revenue; and diluted net income per share, $0.36. Additionally, as a result of P.L. 115-97, the Tax Cuts and Jobs Act, which was enacted on December 22, 2017 by the U.S. government and lowered the federal corporate income tax rate to 21%, we recorded a provisional tax benefit in fiscal 2018 for the re-measurement of deferred tax liabilities of $30,482.

(c) We incurred approximately $3,500 in costs related to a litigation matter, which are included in general and administrative expenses. 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.

(d) Average unit volumes include sales of all stores. Fiscal 2018 consisted of 53 weeks while all other periods presented consisted of 52 weeks.

(e) 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.

ITEM 7. 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 should also 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 2019.
- 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 principally 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 offers a variety of decorative and functional items specializing in rocking chairs, holiday gifts, toys, apparel and foods. As of September 18, 2019, the Company operated 660 Cracker Barrel stores located in 45 states.

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, full-service, fast casual and quick service, which often overlap and provide competition for widely diverse restaurant concepts. We primarily 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 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 dine-in restaurant guest traffic that makes 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 2019

Management believes that the Cracker Barrel brand remains one of the strongest and most differentiated brands in the restaurant industry.

Our long-term strategy includes the following:

- Enhancing the Core business to drive sustainable sales growth and continued business model improvements. During 2019, we focused on driving topline sales growth through an increased focus on our menu and the employee and guest experience as well as the continued expansion of our off-premise business. We introduced new and unique menu offerings such as our Country Fried Turkey and Southern Fried Chicken, and we implemented several enhancements to our employee training and recognition program. Additionally, we continued to evolve our off-premise business. Also, during 2019, we further delivered on our commitment to achieve ongoing cost reductions through business model improvements.

- Expanding the Footprint by building profitable stores in core and developing markets. In 2019, we opened eight new Cracker Barrel locations.

- Extending the Brand by optimizing on long-term drivers, such as Holler & Dash Biscuit House™ and through our strategic relationship with PBS, to further drive shareholder value.

Additionally, during 2019, we increased shareholder return by growing our regular quarterly dividend from $1.25 to $1.30 per share. Also reflecting our commitment to returning significant value to shareholders while maintaining a balanced approach to capital allocation, we declared a special dividend of $3.00 per share.

RESULTS OF OPERATIONS

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

	Relationship to Total Revenue		
	2019	2018	2017
Total revenue	100.0%	100.0%	100.0%
Cost of goods sold (exclusive of depreciation and rent)	30.3	30.9	30.5
Labor and other related expenses	35.1	34.8	34.8
Other store operating expenses	20.4	19.9	19.2
Store operating income	14.2	14.4	15.5
General and administrative	5.0	4.7	4.8
Operating income	9.2	9.7	10.7
Interest expense	0.5	0.5	0.5
Income before income taxes	8.7	9.2	10.2
Provision for income taxes	1.4	1.0	3.3
Net income	7.3	8.2	6.9

Total Revenue

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

	2019	2018	2017
Revenue in dollars(1):			
Restaurant	$ 2,482,377	$ 2,439,389	$ 2,351,212
Retail	589,574	591,056	575,077
Total revenue	$ 3,071,951	$ 3,030,445	$ 2,926,289
Total revenue percentage increase(1)	1.4%	3.6%	0.5%
Total revenue by percentage relationships:			
Restaurant	80.8%	80.5%	80.3%
Retail	19.2%	19.5%	19.7%
Comparable number of stores	640	635	632
Comparable store averages per store: (2)			
Restaurant	$ 3,784	$ 3,762	$ 3,669
Retail	891	903	890
Total	$ 4,675	$ 4,665	$ 4,559
Restaurant average weekly sales (3)	$ 71.8	$ 70.3	$ 70.1
Retail average weekly sales (3)	17.1	17.0	17.1

(1) 2018 consists of 53 weeks while the other periods presented consist of 52 weeks.
(2) 2018 is calculated on a 53-week basis while the other periods are calculated on a 52-week basis.
(3) Average weekly sales are calculated by dividing net sales by operating weeks and include all stores.

Total revenue benefited from the opening of ---eight new stores in 2019, eleven new stores in 2018 and eight new stores in 2017, partially offset by the closing of one store in 2019. In 2018, total revenue also benefited by the additional week in 2018, which resulted in an increase in revenues of $58,353.

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

	Period to Period Increase (Decrease) 2019 vs 2018 (640 Stores)	2018 vs 2017 (635 Stores)
Restaurant	2.6%	0.6%
Retail	0.1	(0.1)
Restaurant & Retail	2.1%	0.5%

*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 2018 to 2019 resulted from a higher average check of 3.3%, primarily attributable to a 2.1% average menu price increase and 1.2% of favorable check impact from changes in mix, partially offset by a decrease in guest traffic of 0.7%. Our comparable store restaurant sales increase from 2017 to 2018 resulted from a higher average check of 2.5%, primarily attributable to a 2.4% average menu price increase, partially offset by a decrease in guest traffic of 1.9%.

The slight increase in our comparable store retail sales from 2018 to 2019 resulting primarily from strong performance in the apparel and accessories merchandise category was partially offset by the decrease in guest traffic and lower performance in the décor merchandise category. The slight decrease in our comparable store retail sales from 2017 to 2018 resulting primarily from the decrease in guest traffic and lower performance in décor, toys, and bed and bath merchandise categories was partially offset by strong performance in the apparel and accessories merchandise category.

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:

	2019	2018	2017
Cost of Goods Sold:			
Restaurant	$ 628,761	$ 625,999	$ 595,186
Retail	302,316	309,398	296,107
Total Cost of Goods Sold	$ 931,077	$ 935,397	$ 891,293

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

	2019	2018	2017
Restaurant Cost of Goods Sold	25.3%	25.7%	25.3%

The decrease from 2018 to 2019 was primarily the result of our menu price increase referenced above, lower food waste and a shift to lower cost menu items partially offset by food commodity inflation of 1.6%. Lower food waste and lower cost menu items both accounted for a decrease of 0.1% in restaurant cost of goods sold as a percentage of restaurant revenue. The increase from 2017 to 2018 was primarily the result of food commodity inflation of 3.3% and higher food waste partially offset by our menu price increase referenced above. Higher food waste accounted for 0.1% in restaurant cost of goods sold as a percentage of restaurant revenue.

We presently expect the rate of commodity inflation to be approximately 2.0% to 2.5% in 2020 as compared to 1.6% in 2019.

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

	2019	2018	2017
Retail Cost of Goods Sold	51.3%	52.3%	51.5%

The decrease in retail cost of goods sold as a percentage of retail revenue in 2019 as compared to 2018 resulted primarily from lower markdowns and a decrease in the provision for obsolete inventory partially offset by lower initial margin.

	2018 to 2019 (Decrease) Increase as a Percentage of Total Revenue
Markdowns	(0.8%)
Provision for obsolete inventory	(0.6%)
Lower initial margin	0.3%

The increase in retail cost of goods sold as a percentage of retail revenue in 2018 as compared to 2017 resulted from lower initial margin, an increase in the provision for obsolete inventory, higher inventory shrinkage and higher freight expense partially offset by lower markdowns.

	2017 to 2018 Increase (Decrease) as a Percentage of Total Revenue
Lower initial margin	1.0%
Provision for obsolete inventory	0.3%
Inventory shrinkage	0.2%
Freight expense	0.1%
Markdowns	(0.8%)

Labor and Other 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:

	2019	2018	2017
Labor and other related expenses	35.1%	34.8%	34.8%

The year-to-year percentage change from 2018 to 2019 resulted primarily from the following:

	2018 to 2019 Increase (Decrease) as a Percentage of Total Revenue
Store hourly labor	0.2%
Store bonus expense	0.2%
Employee health care expenses	(0.2%)

The increase in store hourly labor in 2019 as compared to 2018 resulted primarily from wage inflation exceeding menu price increases.

The increase in store bonus expense in 2019 as compared to 2018 resulted from better performance against financial objectives in 2019 as compared to 2018.

The decrease in employee health care expenses in 2019 as compared to 2018 resulted primarily from lower claims activity.

Labor and other related expenses as a percentage of total revenue in 2018 remained flat to 2017 as a result of the following offsetting percentage changes:

	2017 to 2018 Increase (Decrease) as a Percentage of Total Revenue
Store hourly labor	0.3%
Store bonus expense	(0.2%)
Employee health care expenses	(0.1%)

The increase in store hourly labor in 2018 as compared to 2017 resulted primarily from lower productivity and wage inflation exceeding menu price increases.

The decrease in store bonus expense in 2018 as compared to 2017 resulted from lower performance against financial objectives in 2018 as compared to 2017.

The decrease in employee health care expenses in 2018 as compared to 2017 resulted primarily from lower claims activity.

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 and gift card fees, real and personal property taxes, general insurance and costs associated with our bi-annual manager conference and training event. The following table highlights other store operating expenses as a percentage of total revenue for the past three years:

	2019	2018	2017
Other store operating expenses	20.4%	19.9%	19.2%

The year-to-year percentage change from 2018 to 2019 resulted primarily from the following:

	2018 to 2019 Increase (Decrease) as a Percentage of Total Revenue
Depreciation	0.4%
Loss on disposition of property and equipment	0.1%
Maintenance	(0.1%)

The increase in depreciation expense as a percentage of total revenue for 2019 as compared to 2018 resulted primarily from higher capital expenditures with accelerated depreciation methods.

The increase in loss on disposition of property and equipment as a percentage of total revenue for 2019 as compared to 2018 resulted primarily from costs associated with a store closure, higher disposal of assets related primarily to discontinued projects and a reduction in the carrying value for a previously closed store.

The decrease in maintenance expense as a percentage of total revenue for 2019 as compared to 2018 resulted primarily from improved management of expenses in 2019.

The year-to-year percentage change from 2017 to 2018 resulted from the following:

	2017 to 2018 Increase as a Percentage of Total Revenue
Maintenance	0.3%
Depreciation	0.2%
Supplies	0.1%
Store manager conference expense	0.1%

The increase in maintenance expense as a percentage of total revenue for 2018 as compared to 2017 resulted primarily from the implementation of previously announced initiatives, higher costs associated with snow removal due to adverse weather, higher costs associated with site maintenance and expenses associated with the related repair of certain building components and kitchen equipment.

The increase in depreciation expense as a percentage of total revenue for 2018 as compared to 2017 resulted from higher capital expenditures.

The increase in supplies expense as a percentage of total revenue for 2018 as compared to 2017 resulted primarily from costs associated with growth in our off-premise business.

In the first quarter of 2018, we held a bi-annual manager conference and training event that was attended by our store operations management team. We did not hold a manager’s conference and training event in 2017.

General and Administrative Expenses

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

	2019	2018	2017
General and administrative expenses	5.0%	4.7%	4.8%

The year-to-year percentage change from 2018 to 2019 resulted primarily from higher incentive compensation. Higher incentive compensation in 2019 as compared to 2018 resulted from better performance against financial objectives as compared to the prior year period.

The year-to-year percentage change from 2017 to 2018 resulted from the following:

	2017 to 2018 (Decrease) Increase as a Percentage of Total Revenue
Incentive compensation expense	(0.3%)
Payroll and related expenses	0.2%

The decrease in incentive compensation expense as a percentage of total revenue in 2018 as compared to 2017 resulted primarily from lower performance against financial objectives in 2018 as compared to 2017.

The increase in payroll and related expenses as a percentage of total revenue in 2018 as compared to 2017 resulted primarily from more manager-in-training weeks and higher average wages.

Interest Expense

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

	2019	2018	2017
Interest expense	$ 16,488	$ 15,169	$ 14,271

The year-to-year increases from 2018 to 2019 and from 2017 to 2018 resulted primarily from higher weighted average interest rates. Additionally, as part of our debt refinancing in 2019, we incurred additional interest expense of $166 related to the write-off of deferred financing costs. The additional week in 2018 also increased interest expense by $323. We presently expect our net interest expense for 2020 to be approximately $14,000.

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:

	2019	2018	2017
Effective tax rate	16.1%	11.1%	32.4%

The increase in our effective tax rate from 2018 to 2019 reflected the significant impact of P.L. 115-97, the Tax Cuts and Jobs Act (the "Tax Act"), enacted on December 22, 2017 by the U.S. government. The Tax Act made broad and complex changes to the U.S. tax code, including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%. This rate reduction lowered deferred tax liabilities, the tax benefit of which was recognized in 2018.

Similarly, the decrease in our effective tax rate from 2017 to 2018 reflected the reduction in the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018. In accordance with Section 15 of the Internal Revenue Code, we used a blended rate of 26.9% for our fiscal 2018 tax year, by applying a prorated percentage of the number of days prior to and subsequent to the January 1, 2018 effective date of the Tax Act.

We presently expect our effective tax rate for 2020 to be approximately 17%.

LIQUIDITY AND CAPITAL RESOURCES

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

	2019	2018	2017
Net cash provided by operating activities	$ 362,796	$ 330,620	$ 320,767
Net cash used in investing activities	(241,574)	(151,222)	(109,605)
Net cash used in financing activities	(198,994)	(225,743)	(201,127)
Net (decrease) increase in cash and cash equivalents	$ (77,772)	$ (46,345)	$ 10,035

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 3, 2018, was sufficient to finance all of our growth, dividend payments, working capital needs and other cash payment obligations in 2019.

We believe that cash at August 2, 2019, 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, our expected share repurchases and our expected dividend payments for 2020.

Cash Generated from Operations

The increase in net cash flow provided by operating activities from 2018 to 2019 primarily reflected the timing of payments for accounts payable, interest, payroll and advertising.

The increase in net cash flow provided by operating activities from 2017 to 2018 primarily reflected higher net income and the timing of payments for accounts payable partially offset by lower income tax payments, the timing of payroll payments as compared to prior year as a result of our fiscal year end dates, lower spending on advertising and a lesser increase in the sales of our gift cards in 2018 as compared to 2017.

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:

	2019	2018	2017
Capital expenditures, net of proceeds from insurance recoveries	$ 137,540	$ 151,633	$ 110,108

Our capital expenditures consisted primarily of capital investments for existing stores, new store locations and strategic initiatives. The decrease in capital expenditures from 2018 to 2019 resulted primarily from the timing of new unit construction partially offset by higher capital expenditures for strategic initiatives. The increase in capital expenditures from 2017 to 2018 resulted primarily from an increase in the number of new store locations and capital expenditures for strategic initiatives.

We estimate that our capital expenditures during 2020 will be approximately $115,000 to $125,000. This estimate includes the acquisition of sites and construction costs of six new Cracker Barrel stores that we plan to open during 2020, as well as acquisition and construction costs for store locations to be opened in 2021. We intend to fund our capital expenditures with cash generated by operations and borrowings under our revolving credit facility, as necessary.

Punch Bowl Social

Effective July 18, 2019, we entered into a strategic relationship with PBS, a food, beverage and entertainment concept, by purchasing a non-controlling interest in the concept for $89,100. At closing, we also purchased promissory notes of $6,900 along with the related interest on the notes and provided additional funding of $8,000 to PBS in exchange for a promissory note. Additionally, as part of the transaction, we agreed to fund PBS's further capital needs through calendar year 2020 up to a limit of approximately $38,000, which commitment may be reduced by the amount of any third-party financing secured by PBS during the commitment period. The terms of the Company's investment in PBS provide us with a call right beginning in 2023 to purchase the remaining ownership interest in PBS, subject to terms and conditions governed by the PBS operating agreement, and, after the expiration of that call right, provide us with the right to demand that PBS initiate a sale process to sell PBS to an unaffiliated third party. We believe the investment in PBS provides us with another growth vehicle to deliver shareholder value and drive continued growth.

Borrowing Capacity and Debt Covenants

On September 5, 2018, we entered into a five-year $950,000 revolving credit facility (the "2019 Revolving Credit Facility") with substantially the same terms and financial covenants as our previous $750,000 revolving credit facility, which it replaced. The 2019 Revolving Credit Facility also contains an option to increase the revolving credit facility by $300,000. In the first quarter of 2019, we paid $3,022 in deferred financing costs related to the debt refinancing.

The following table highlights our borrowing capacity and outstanding borrowings under the 2019 Revolving Credit Facility, our standby letters of credit and our borrowing availability under the 2019 Revolving Credit Facility as of August 2, 2019:

	August 2, 2019
Borrowing capacity under the 2019 Revolving Credit Facility	$ 950,000
Less: Outstanding borrowings under the 2019 Revolving Credit Facility	400,000
Less: Standby letters of credit*	8,955
Borrowing availability under the 2019 Revolving Credit Facility	$ 541,045

*Our standby letters of credit relate to securing reserved claims under workers' compensation insurance and reduce our borrowing availability under the 2019 Revolving Credit Facility.

We did not borrow or make any debt payments in 2018 or 2017. In 2019, we refinanced our debt as discussed above.

See "Material Commitments" below and Note 6 to our Consolidated Financial Statements for further information on our long-term debt.

Our 2019 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 were in compliance with the 2019 Revolving Credit Facility's financial covenants at August 2, 2019, and we presently expect to be in compliance with the 2019 Revolving Credit Facility's financial covenants for the remaining term of the facility.

Dividends, Share Repurchases and Share-Based Compensation Awards

Our 2019 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 2019 Revolving Credit Facility, provided there is no default existing and the total of our availability under the 2019 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 2019, we declared a regular quarterly dividend of $1.25 per share of our common stock. Each of these dividends was paid in the immediately following quarter. Additionally, during the fourth quarter of 2019, we increased our regular quarterly dividend by 4.0% by declaring a dividend of $1.30 per share and declared a special dividend of $3.00 per share. The special dividend was paid on August 2, 2019 to shareholders of record on July 19, 2019. The regular quarterly dividend was paid on August 5, 2019 to shareholders of record on July 19, 2019. In 2018 and 2017, we paid special dividends of $3.75 per share and $3.50 per share, respectively.

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

	2019	2018	2017
Dividends per share paid	$ 8.00	$ 8.55	$ 8.10

Our criteria for share repurchases are that they be accretive to expected net income per share and are within the limits imposed by our debt commitments. Subject to the limits imposed by our revolving credit facility, in each of 2019, 2018 and 2017, we were authorized by our Board of Directors to repurchase shares at the discretion of management up to $25,000. Additionally, in the fourth quarter of 2019, our Board of Directors increased our share repurchase authorization to $50,000. In 2019 and 2017, we did not repurchase any shares of our common stock. In 2018, we repurchased 100,000 shares of our common stock in the open market at an aggregate cost of $14,772.

In 2019, 2018 and 2017, 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 $2,497, $3,816, and $6,896, respectively.

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 deficit:

	2019	2018	2017
Working capital deficit	$ (150,094)	$ (57,867)	$ (16,971)

The change in working capital at August 2, 2019 compared to August 3, 2018 primarily reflected the decrease in cash, higher accounts payable, higher incentive compensation accruals and an increase in the sales of our gift cards partially offset by the timing of payments for income taxes. The decrease in cash resulted primarily from the purchase of our investment in PBS partially offset by lower spending for capital expenditures. Higher incentive compensation accruals resulted from better performance against financial objectives in 2019 as compared to 2018.

The change in working capital at August 3, 2018 compared to July 28, 2017 primarily reflected the decrease in cash and the timing of payments for income taxes partially offset by lower incentive compensation accruals based on lower performance against financial objectives in 2018 and lower payroll accruals due to the timing of payments. The decrease in cash resulted primarily from higher spending for capital expenditures and the repurchase of shares in 2018 partially offset by an increase in cash generated by operations.

Off-Balance Sheet Arrangements

Other than various operating leases, which are disclosed more fully in "Material Commitments" below and Notes 2 and 10 to our Consolidated Financial Statements, we have no other material off-balance sheet arrangements.

Material Commitments

Our contractual cash obligations and commitments as of August 2, 2019, are summarized in the tables below:

		Payments due by Years			
Contractual Obligations (a)	Total	2020	2021-2022	2023-2024	After 2024
2019 Revolving Credit Facility(b)	$ 400,000	$ —	$ —	$ 400,000	$ —
Operating leases (c)	729,319	69,249	77,242	67,659	515,169
Purchase obligations (d)	65,365	59,121	5,215	515	514
Other long-term obligations (e)	37,731	—	4,871	370	32,490
Total contractual cash obligations	$ 1,232,415	$ 128,370	$ 87,328	$ 468,544	$ 548,173

		Amount of Commitment Expirations by Years			
	Total	2020	2021-2022	2023-2024	After 2024
2019 Revolving Credit Facility(b)	$ 950,000	$ —	$ —	$ 950,000	$ —
Standby letters of credit(f)	8,955	8,955	—	—	—
Guarantees (g)	481	235	246	—	—
Total commitments	$ 959,436	$ 9,190	$ 246	$ 950,000	$ —

(a) At August 2, 2019, 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 $24,303 is not included in the contractual cash obligations and commitments table above.

(b) Our 2019 Revolving Credit Facility expires on September 5, 2023. Using projected interest rates, we anticipate having interest payments of $13,731, $25,418 and $23,467 in 2020, 2021-2022 and 2023-2024, respectively. The projected interest rates for our swapped portion of our outstanding borrowings are our fixed rates under our interest rate swaps (see Note 7 to the Consolidated Financial Statements) plus our current credit spread of 1.00%. The projected interest rate for our unswapped portion of our outstanding borrowings is the average of the three-year and five-year swap rates at August 2, 2019 of 1.64% plus our current credit spread of 1.00%. Based on our outstanding borrowings and our standby letters of credit at August 2, 2019 and our current unused commitment fee as defined in the 2019 Revolving Credit Facility, our unused commitment fees in 2020, 2021-2022 and 2023-2024 would be $821, $1,641 and $908, respectively; however, the actual amount will differ based on actual usage of the 2019 Revolving Credit Facility.

(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 ($30,593, with a corresponding long-term asset to fund the liability; see Note 13 to the Consolidated Financial Statements), Deferred Compensation Plan ($1,897) and our long-term incentive plans ($5,241).

(f) Our standby letters of credit relate to securing reserved claims under workers' compensation insurance and reduce our borrowing availability under the 2019 Revolving Credit Facility.

(g) Consists solely of guarantees associated with lease payments for two properties. We are not aware of any non-performance under these arrangements that would result in us having to perform in accordance with the terms of these guarantees.

Recent Accounting Pronouncements Adopted and Not Yet Adopted

See Note 2 to the accompanying Consolidated Financial Statements for a discussion of recent accounting guidance adopted and not yet adopted. The adopted accounting guidance discussed in Note 2 did not have a significant impact on our consolidated financial position or results of operations. Regarding the accounting guidance not yet adopted, with the exception of the accounting guidance for leases, we do not expect the accounting guidance will have a significant impact on the Company's financial position or results of operations. Regarding the accounting guidance for leases, we expect that the adoption of the accounting guidance will have a material impact on our consolidated balance sheet. We do not expect that the adoption of the accounting guidance for leases will have material impact on our consolidated statement of income or statement of cash flows.

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
- Insurance Reserves
- Retail Inventory Valuation

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

Impairment of Long-Lived Assets

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, $750 or $1,000 depending on the state in which the claim originated. 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 half 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.

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 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 determined by applying a cost-to-retail ratio to the retail value of our inventories. Inherent in the RIM calculation are certain inputs, 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. Retail inventory also includes an estimate of shrinkage that is adjusted upon physical inventory counts. Annual physical inventory counts are conducted based upon a cyclical inventory schedule. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a two-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.

ITEM 7A. 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 revolving credit facility. At both August 2, 2019 and August 3, 2018, our outstanding borrowings totaled $400,000 (see Note 6 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 6, 7 and 10 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 August 2, 2019 is as follows:

Trade Date	Effective Date	Term (in Years)	Notional Amount	Fixed Rate
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%
January 16, 2019	May 3, 2019	3	115,000	2.63%
January 16, 2019	May 3, 2019	2	115,000	2.68%

At August 2, 2019, $350,000 of our outstanding borrowings were swapped at a weighted average interest rate of 3.49%; the weighted average interest rate on the remaining $50,000 of our outstanding borrowings was 3.58%. The impact of a one-percentage point increase in the remaining $50,000 of our outstanding borrowings is approximately $500. At August 3, 2018, our outstanding borrowings of $400,000 were swapped at a weighted average interest rate of 3.73%. See Note 7 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 2019 and 2018:

	Percentage of Food Purchases	
	2019	2018
Beef	14%	14%
Dairy (including eggs)	13%	13%
Fruits and vegetables	12%	12%
Poultry	11%	11%
Pork	11%	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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cracker Barrel Old Country Store, Inc. and subsidiaries (the "Company") as of August 2, 2019 and August 3, 2018, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows, for each of the three years in the period ended August 2, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 2, 2019 and August 3, 2018, and the results of its operations and its cash flows for each of the three years in the period ended August 2, 2019, 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) (PCAOB), the Company's internal control over financial reporting as of August 2, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 27, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Commitments and Contingencies — Insurance Reserves — Refer to Notes 2 and 16 to the financial statements

Critical Audit Matter Description

The Company self-insures a significant portion of its workers' compensation and general liability program and records a reserve for all unresolved claims and an estimate of incurred but not reported (IBNR) claims. These reserves and estimates of IBNR claims are based upon a full-scope actuarial study performed annually by management's specialist at the end of the third quarter and are adjusted by the actuarially determined losses and actual claims payments for the fourth quarter. 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. Using this information, the Company records the expected losses in the lower half of the range, which is discounted to present value using a risk-free interest rate. The Company also monitors actual claims development as another means of estimating the adequacy of the historical reserves.

We identified insurance reserves as a critical audit matter because estimating the reserve for all unresolved claims and IBNR claims involves significant estimation by management. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our actuarial specialists, when performing audit procedures to evaluate whether insurance reserves were appropriately recorded as of August 2, 2019.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the insurance reserves included the following, among others:

- We tested the effectiveness of controls related to insurance reserves, including management's controls over the claims data provided to the actuary and those over the estimation of unresolved claims and IBNR claims.

- We evaluated the methods and assumptions used by management to estimate the insurance reserves by:

  - Testing the underlying data that served as the basis for the actuarial analysis, including reconciling the claims data to the actuarial analysis, testing current year claims and payment data, verifying the self-insured retention limits, testing the annual exposure data, and recalculating the discount using the published risk-free rates.

  - Comparing management's selected insurance reserve estimates within the range provided by their third-party actuary to historical trends.

  - Performing a retrospective review by comparing the prior year recorded amounts to the subsequent claim emergence.

  - With the assistance of our actuarial specialists, we developed an independent range of estimates of the insurance reserves, utilizing paid and reported loss development factors from the Company's historical data and industry loss development factors as deemed necessary. We then compared our estimated range to management's estimates.

/s/ Deloitte & Touche LLP

Nashville, Tennessee

September 27, 2019

We have served as the Company's auditor since 1974.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONSOLIDATED BALANCE SHEETS

	(In thousands except share data)	
ASSETS	August 2, 2019	August 3, 2018
Current Assets:		
Cash and cash equivalents	$ 36,884	$ 114,656
Accounts receivable	22,757	19,496
Income taxes receivable	9,449	—
Inventories	154,958	156,253
Prepaid expenses and other current assets	18,332	16,347
Total current assets	242,380	306,752
Property and Equipment:		
Land	307,238	307,207
Buildings and improvements	881,705	861,949
Buildings under capital leases	3,289	3,289
Restaurant and other equipment	723,851	658,978
Leasehold improvements	385,340	353,329
Construction in progress	11,392	27,849
Total	2,312,815	2,212,601
Less: Accumulated depreciation and amortization of capital leases	1,143,850	1,063,466
Property and equipment – net	1,168,965	1,149,135
Investment in unconsolidated subsidiary	89,100	—
Other assets	80,780	71,468
Total	$ 1,581,225	$ 1,527,355

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 132,221	$ 122,332
Taxes withheld and accrued	38,196	37,069
Accrued employee compensation	67,879	60,562
Accrued employee benefits	24,927	25,416
Deferred revenues	81,734	76,292
Dividend payable	32,144	31,117
Other current liabilities	15,373	11,831
Total current liabilities	392,474	364,619
Long-term debt	400,000	400,000
Long-term interest rate swap liability	10,483	—
Other long-term obligations	129,439	128,794
Deferred income taxes	44,119	52,161
Commitments and Contingencies (Notes 10 and 16)		
Shareholders' Equity:		
Preferred stock – 100,000,000 shares of $0.01 par value authorized; 300,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued	—	—
Common stock – 400,000,000 shares of $0.01 par value authorized; 2019 – 24,049,240 shares issued and outstanding; 2018 – 24,011,550 shares issued and outstanding	241	240
Additional paid-in capital	49,732	44,049
Accumulated other comprehensive income (loss)	(6,913)	4,685
Retained earnings	561,650	532,807
Total shareholders' equity	604,710	581,781
Total	$ 1,581,225	$ 1,527,355

See Notes to Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONSOLIDATED STATEMENTS OF INCOME

	(In thousands except share data) Fiscal years ended		
	August 2, 2019	August 3, 2018	July 28, 2017
Total revenue	$ 3,071,951	$ 3,030,445	$ 2,926,289
Cost of goods sold (exclusive of depreciation and rent)	931,077	935,397	891,293
Labor and other related expenses	1,078,751	1,055,811	1,017,124
Other store operating expenses	626,453	601,889	563,300
Store operating income	435,670	437,348	454,572
General and administrative expenses	152,826	143,756	141,414
Operating income	282,844	293,592	313,158
Interest expense	16,488	15,169	14,271
Income before income taxes	266,356	278,423	298,887
Provision for income taxes	42,955	30,803	96,988
Net income	$ 223,401	$ 247,620	$ 201,899
Net income per share - basic	$ 9.29	$ 10.31	$ 8.40
Net income per share - diluted	$ 9.27	$ 10.29	$ 8.37
Basic weighted average shares outstanding	24,037,272	24,011,161	24,031,810
Diluted weighted average shares outstanding	24,096,396	24,075,614	24,118,288

See Notes to Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	(In thousands) Fiscal years ended		
	August 2, 2019	August 3, 2018	July 28, 2017
Net income	$ 223,401	$ 247,620	$ 201,899
Other comprehensive income (loss) before income tax expense (benefit):			
Change in fair value of interest rate swaps	(15,466)	13,103	15,402
Income tax expense (benefit)	(3,868)	4,189	5,891
Other comprehensive income (loss), net of tax	(11,598)	8,914	9,511
Comprehensive income	$ 211,803	$ 256,534	$ 211,410

See Notes to Consolidated Financial Statements.

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CRACKER BARREL OLD COUNTRY STORE, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balances at July 29, 2016	23,956,134	$ 240	$ 51,462	$ (13,740)	$ 488,481	$ 526,443
Comprehensive Income:						
Net income	—	—	—	—	201,899	201,899
Other comprehensive income, net of tax	—	—	—	9,511	—	9,511
Total comprehensive income	—	—	—	9,511	201,899	211,410
Cash dividends declared - $8.15 per share	—	—	—	—	(197,544)	(197,544)
Share-based compensation	—	—	8,458	—	—	8,458
Issuance of share-based compensation awards, net of shares withheld for employee taxes	99,548	1	(6,897)	—	—	(6,896)
Tax benefit realized upon exercise of share-based compensation awards	—	—	2,636	—	—	2,636
Purchases and retirement of common stock	—	—	--	—	—	--
Balances at July 28, 2017	24,055,682	241	55,659	(4,229)	492,836	544,507
Comprehensive Income:						
Net income	—	—	—	—	247,620	247,620
Other comprehensive income, net of tax	—	—	—	8,914	—	8,914
Total comprehensive income	—	—	—	8,914	247,620	256,534
Cash dividends declared - $8.60 per share	—	—	—	—	(207,649)	(207,649)
Share-based compensation	—	—	6,977	—	—	6,977
Issuance of share-based compensation awards, net of shares withheld for employee taxes	55,868	—	(3,816)	—	—	(3,816)
Tax benefit realized upon exercise of share-based compensation awards	—	—	—	—	—	—
Purchases and retirement of common stock	(100,000)	(1)	(14,771)	—	—	(14,772)
Balances at August 3, 2018	24,011,550	240	$ 44,049	$ 4,685	$ 532,807	$ 581,781
Comprehensive Income:						
Net income	—	—	—	—	223,401	223,401
Other comprehensive income, net of tax	—	—	—	(11,598)	—	(11,598)
Total comprehensive income	—	—	—	(11,598)	223,401	211,803
Cash dividends declared - $8.05 per share	—	—	—	—	(194,558)	(194,558)
Share-based compensation	—	—	8,181	—	—	8,181
Issuance of share-based compensation awards, net of shares withheld for employee taxes	37,690	1	(2,498)	—	—	(2,497)
Tax benefit realized upon exercise of share-based compensation awards	—	—	—	—	-—	—
Purchases and retirement of common stock	—	—	—	—	—	—
Balances at August 2, 2019	24,049,240	$ 241	$ 49,732	$ (6,913)	$ 561,650	$ 604,710

See Notes to Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(In thousands) Fiscal years ended		
	August 2, 2019	August 3, 2018	July 28, 2017
Cash flows from operating activities:			
Net income	$ 223,401	$ 247,620	$ 201,899
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	107,537	93,692	86,319
Loss on disposition of property and equipment	10,265	7,119	5,585
Share-based compensation	8,181	6,977	8,458
Excess tax benefit from share-based compensation	—	—	(2,636)
Changes in assets and liabilities:			
Accounts receivable	(3,261)	(1,380)	1,273
Income taxes receivable	(9,449)	4,265	14,555
Inventories	1,295	114	(4,059)
Prepaid expenses and other current assets	(1,985)	(500)	(1,274)
Other assets	2,852	(1,400)	(4,344)
Accounts payable	9,889	3,937	(14,098)
Taxes withheld and accrued	1,127	344	(836)
Accrued employee compensation	7,311	(10,389)	9,752
Accrued employee benefits	(489)	(1,343)	(1,169)
Deferred revenues	5,442	3,916	8,348
Other current liabilities	3,492	(8,121)	4,470
Other long-term obligations	1,362	157	3,461
Deferred income taxes	(4,174)	(14,388)	5,063
Net cash provided by operating activities	362,796	330,620	320,767
Cash flows from investing activities:			
Purchase of property and equipment	(138,293)	(152,249)	(110,591)
Proceeds from insurance recoveries of property and equipment	753	616	483
Proceeds from sale of property and equipment	151	411	503
Purchase of investment in unconsolidated subsidiary	(89,100)	—	—
Notes receivable from unconsolidated subsidiary	(15,085)	—	—
Net cash used in investing activities	(241,574)	(151,222)	(109,605)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	400,000	—	—
(Taxes withheld) and proceeds from issuance of share-based compensation awards, net	(2,497)	(3,816)	(6,896)
Principal payments under long-term debt	(400,000)	—	—
Purchases and retirement of common stock	—	(14,772)	—
Deferred financing costs	(3,022)	—	—
Dividends on common stock	(193,475)	(207,155)	(196,867)
Excess tax benefit from share-based compensation	—	—	2,636
Net cash used in financing activities	(198,994)	(225,743)	(201,127)
Net (decrease) increase in cash and cash equivalents	(77,772)	(46,345)	10,035
Cash and cash equivalents, beginning of year	114,656	161,001	150,966
Cash and cash equivalents, end of year	$ 36,884	$ 114,656	$ 161,001
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized	$ 12,100	$ 17,272	$ 12,847
Income taxes	56,450	43,471	78,092
Supplemental schedule of non-cash investing and financing activities:			
Capital expenditures accrued in accounts payable	$ 9,508	$ 8,183	$ 6,743
Change in fair value of interest rate swaps	(15,466)	13,103	15,402
Change in deferred tax asset for interest rate swaps	3,868	(4,189)	(5,891)
Dividends declared but not yet paid	32,859	31,784	31,296

See Notes to Consolidated Financial Statements.

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. The Company's fiscal year ended August 3, 2018 consisted of 53 weeks and the fourth quarter of 2018 consisted of fourteen weeks. 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.

Investment in unconsolidated subsidiary – Effective July 18, 2019, the Company purchased approximately 58.6% of the economic ownership interest, and approximately 49.7% of the voting interest, in PBS HoldCo, LLC ("PBS HC"). PBS HC and its subsidiaries develop, own, and operate food, beverage and entertainment establishments under the name of Punch Bowl Social. Since the Company has the ability to exercise significant influence, but not control, over PBS HC, the Company accounts for its investment in PBS HC under the equity method. Accordingly, beginning in the first quarter of 2020, the Company will recognize its proportionate share of the reported earnings or losses of PBS HC adjusted for basis differences on its consolidated statement of income and as an adjustment to the Company's investment in unconsolidated subsidiary on the consolidated balance sheet. The Company will assess the impairment of its equity investment whenever events or changes in circumstances indicate that a decrease in value of the investment has occurred that is other than temporary.

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 – 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 are valued using moving average cost. Approximately 80% of retail inventories are valued using RIM. Retail inventories valued using RIM are stated at the lower of cost or market. Cost of restaurant inventory and retail inventory valued using moving average cost are stated at the lower of cost and net realizable value. See Note 5 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. The estimate of retail inventory shrinkage is adjusted upon physical inventory counts. Annual physical inventory counts are conducted based upon a cyclical inventory schedule. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a two-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:

	2019	2018	2017
Total depreciation expense	$ 107,294	$ 93,266	$ 85,912
Depreciation expense related to store operations*	100,366	86,913	79,214

*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 revolving credit facility (see Note 6). 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 7 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. Using these criteria, the Company manages its business on the basis of one reportable operating segment (see Note 9 for additional information regarding segment reporting).

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. See “Revenue recognition” section in this Note for further information regarding breakage.

Revenue recognition – Revenue consists primarily of sales from restaurant and retail operations. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a restaurant guest, retail customer or other customer. The Company recognizes revenues from restaurant sales when payment is tendered at the point of sale, as the Company’s performance obligation to provide food and beverages is satisfied. The Company recognizes revenues from retail sales when payment is tendered at the point of sale, as the Company’s performance obligation to provide merchandise is satisfied. Ecommerce sales, including shipping revenue, are recorded upon delivery to the customer. Additionally, 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.

Included in restaurant and retail revenue is gift card breakage. Customer purchases of gift cards, to be utilized at the Company’s stores, are not recognized as sales until the card is redeemed and the customer purchases food and/or merchandise. Gift cards do not carry an expiration date; therefore, customers can redeem their gift cards indefinitely. A certain number of gift cards will not be fully redeemed. Management estimates unredeemed balances and recognizes gift card breakage revenue for these amounts in the Company’s Consolidated Statements of Income over the expected redemption period. Gift card breakage is recognized when the likelihood of a gift card being redeemed by the customer is remote and the Company determines that there is not a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction. The determination of the gift card breakage rate is based upon the Company’s specific historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage over the period of estimated redemption. For 2019, 2018 and 2017, gift card breakage was $6,814, $6,535, and $7,063, respectively. Revenue recognized in the Consolidated Statements of Income for 2019, 2018 and 2017, respectively, for the redemption of gift cards which were included in the deferred revenue balance at the beginning of the fiscal year was $42,292, $40,221, and $38,483, respectively. Deferred revenue related to the Company’s gift cards was $80,073 and $76,199, respectively, at August 2, 2019 and August 3, 2018.

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, $750 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 half 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.

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:

	2019	2018	2017
Advertising expense	$ 81,855	$ 83,448	$ 83,623

Share-based compensation – The Company's share-based compensation consists of nonvested stock awards and units and performance-based market stock units ("MSU Grants"). 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 units 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 14 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 nonvested stock awards and units, MSU Grants and stock options issued by the Company are calculated using the treasury stock method. The outstanding nonvested stock awards and units, MSU Grants and stock options issued by the Company represent the only dilutive effects on diluted consolidated net income per share. See Note 15 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 Adopted

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("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 a company 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. The Company adopted this accounting guidance using the modified retrospective transition method. The adoption of this accounting guidance in the first quarter of 2019 did not have a material effect on the Company's consolidated financial position or results of operations, and the Company did not record a cumulative catch-up adjustment to the opening balance of retained earnings.

Recognition of Breakage for Certain Prepaid Stored-Value Products

In March 2016, in order to address diversity in practice related to the derecognition of a prepaid stored-value product liability, the FASB issued accounting guidance requiring breakage for prepaid stored-value product liabilities to be accounted for consistent with the breakage guidance in the revenue recognition standard (see "Revenue Recognition" above). The Company adopted this accounting guidance using the modified retrospective transition method. The adoption of this accounting guidance in the first quarter of 2019 did not have a significant impact on the Company's consolidated financial position or results of operations, and the Company did not record a cumulative catch-up adjustment to the opening balance of retained earnings.

Modification of Share-Based Payment Awards

In May 2017, the FASB issued accounting guidance to provide clarity, reduce the diversity in practice and to simplify the accounting guidance related to a change to the terms or conditions of a share-based payment award. This new standard provides guidance for evaluating which changes to the terms or conditions of a share-based payment award are substantive and require modification accounting to be applied. The adoption of this accounting guidance in the first quarter of 2019 did not have a significant impact on the Company's consolidated financial position or results of operations.

Recent Accounting Pronouncements Not Yet Adopted

Leases

In February 2016, the FASB issued accounting guidance which requires the recognition of lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. The accounting guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years on a modified retrospective basis. The Company will apply the transition requirements at the effective date rather than at the beginning of the earliest comparative period presented. This election allows for a cumulative effective adjustment to the opening balance of retained earnings in the period of adoption, and prior periods will not be restated. The Company has elected the transition package of practical expedients permitted under this guidance, which among other things, allows the carryforward of historical lease classifications. The Company has elected to not separate lease and non-lease components. Additionally, the Company has elected to apply the short-term lease exemption to all asset classes. The Company has implemented software to assist in the quantification of the impact on the Company's consolidated financial position and results of operations related to the adoption of this accounting guidance in the first quarter of 2020. The Company is also evaluating additional changes to its processes and internal controls to ensure compliance with the reporting and disclosure requirements of the accounting guidance. The adoption of this accounting guidance will result in a material increase in lease-related assets and liabilities on the Company's consolidated balance sheet. Currently, the Company estimates that the impact to its consolidated balance sheet will be in the range of $490,000 to $540,000. The adoption of this accounting guidance is not expected to have a material impact on the Company's consolidated statements of income and cash flows.

Accounting for Hedging Activities

In August 2017, the FASB issued accounting guidance which amends the recognition, presentation and disclosure requirements of hedge accounting in order to better portray the economics of entities' risk management activities, increase transparency and understandability of hedging relationships and simplify the application of hedge accounting. This accounting guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The recognition requirements for cash flow and net investment hedges existing at the date of adoption will be applied using a cumulative-effect adjustment to retained earnings. The amended presentation and disclosure requirements will be applied on a prospective basis. The Company currently does not expect that the adoption of this accounting guidance in the first quarter of 2020 will have a significant impact on the Company's consolidated financial position or results of operations.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

On December 22, 2017, the U.S. government enacted P.L. 115-97, the Tax Cuts and Jobs Act (the "Tax Act"). In February 2018, the FASB issued accounting guidance which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulted from the Tax Act. This accounting guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. If elected, this accounting guidance should be applied either in the period of adoption or retrospectively to each period in which the change in the U.S. federal corporate rate in the Tax Act is recognized. The Company currently does not expect to elect this reclassification option upon adoption of the accounting guidance in the first quarter of 2020.

Share-Based Payment Arrangements With Nonemployees

In June 2018, the FASB issued accounting guidance in order to simplify accounting for share-based payments granted to nonemployees for goods and services. This new guidance aligns most of the accounting requirements for share-based payments granted to nonemployees with the existing guidance for share-based payments granted to employees. This accounting guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, using a modified retrospective transition approach. The Company does not expect that the adoption of this accounting guidance in the first quarter of 2020 will have a significant impact on the Company's consolidated financial position or results of operations.

3. Equity Method Investment

Effective July 18, 2019, the Company purchased approximately 58.6% of the economic ownership interest, and approximately 49.7% of the voting ownership interest, in PBS HC for $89,100, which is included on the Company's consolidated balance sheet as investment in unconsolidated subsidiary at August 2, 2019. The Company does not have the power to unilaterally direct any activities of PBS HC, a variable interest entity, that most significantly impact PBS HC's economic performance. As a result, the Company's investment in PBS HC, for which it has the ability to exercise significant influence, but not control and is not the primary beneficiary, is accounted for using the equity method.

Additionally, as part of the transaction, the Company purchased promissory notes of $6,900 along with the related interest on the notes and provided additional funding of $8,000 to PBS HC in exchange for a promissory note. These promissory notes and related interest are included in other assets on the consolidated balance sheet. As part of the purchase agreement with PBS HC, the Company agreed to fund PBS HC up to $51,000 through calendar 2020, of which the Company has funded $12,500 as of August 2, 2019. The Company's exposure to risk of loss in PBS HC is generally limited to its investment in the ownership interest and its receivable related to the promissory notes.

4. 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 August 2, 2019 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents*	$ 46	$ —	$ —	$ 46
Interest rate swap asset (see Note 7)	—	—	—	—
Total	$ 46	$ —	$ —	$ 46
Deferred compensation plan assets** measured at net asset value				30,593
Total assets at fair value				$ 30,639
Interest rate swap liability (see Note 7)	$ —	$ 10,483	$ —	$ 10,483
Total liabilities at fair value	$ —	$ 10,483	$ —	$ 10,483

The Company's assets and liabilities measured at fair value on a recurring basis at August 3, 2018 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents*	$ 38,446	$ —	$ —	$ 38,446
Interest rate swap asset (see Note 7)	—	6,255	—	6,255
Total	$ 38,446	$ 6,255	$ —	$ 44,701
Deferred compensation plan assets** measured at net asset value				32,669
Total assets at fair value				$ 77,370
Interest rate swap liability (see Note 7)	$ —	$ —	$ —	$ —
Total liabilities at fair value	$ —	$ —	$ —	$ —

*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 13).

The Company's money market fund investments are measured at fair value using quoted market prices. The fair values of the Company's interest rate swap assets 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 Company's deferred compensation plan assets are measured based on net asset value per share as a practical expedient to estimate fair value.

The fair values of accounts receivable and accounts payable at August 2, 2019 and August 3, 2018, 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 August 2, 2019 and August 3, 2018.

5. Inventories

Inventories were comprised of the following at:

	August 2, 2019	August 3, 2018
Retail	$ 116,990	$ 117,606
Restaurant	20,648	20,659
Supplies	17,320	17,988
Total	$ 154,958	$ 156,253

6. Debt

On September 5, 2018, the Company entered into a five-year $950,000 revolving credit facility ("2019 Revolving Credit Facility") with substantially the same terms and financial covenants as the Company's $750,000 revolving credit facility ("Prior Credit Facility"), which it replaced. The 2019 Revolving Credit Facility also contains an option to increase the revolving credit facility by $300,000. Loan acquisition costs associated with the 2019 Revolving Credit Facility were capitalized in the amount of $3,022 and will be amortized over the five-year term of the 2019 Revolving Credit Facility. Loan acquisition costs of $166 associated with the Prior Credit Facility were written off in the first quarter of 2019 and are recorded in interest expense in the Consolidated Statement of Income. At August 2, 2019 and August 3, 2018, the Company had $400,000 in outstanding borrowings under the 2019 Revolving Credit Facility and the Prior Credit Facility, respectively.

At August 2, 2019, the Company had $8,955 of standby letters of credit, which reduce the Company's borrowing availability under the 2019 Revolving Credit Facility (see Note 16). At August 2, 2019, the Company had $541,045 in borrowing availability under the 2019 Revolving Credit Facility.

In accordance with the 2019 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 August 2, 2019, $350,000 of our outstanding borrowings under the 2019 Revolving Credit Facility were swapped at a weighted average interest rate of 3.49%; the weighted average interest rate on the remaining $50,000 of our outstanding borrowings was 3.58%. At August 3, 2018, our outstanding borrowings of $400,000 under the Prior Credit Facility were swapped at a weighted average interest rate of 3.73%. See Note 7 for information on the Company's interest rate swaps.

The 2019 Revolving Credit Facility contains, and Prior Credit Facility contained, customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. At August 2, 2019 and August 3, 2018, the Company was in compliance with all debt covenants under the 2019 Revolving Credit Facility and the Prior Credit Facility, respectively.

The 2019 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 2019 Revolving Credit Facility, provided there is no default existing and the total of the Company's availability under the 2019 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.

7. 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 spread was 1.00% and 1.25%, respectively, at August 2, 2019 and August 3, 2018. 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 August 2, 2019 is as follows:

Trade Date	Effective Date	Term (in Years)	Notional Amount	Fixed Rate
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%
January 16, 2019	May 3, 2019	3	115,000	2.63%
January 16, 2019	May 3, 2019	2	115,000	2.68%

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

(See Note 4)	Balance Sheet Location	August 2, 2019	August 3, 2018
Interest rate swaps	Prepaid expenses and other current assets	$ —	$ 169
Interest rate swaps	Other assets	—	6,086
Total assets		$ —	$ 6,255
Interest rate swaps	Long-term interest rate swap liability	$ 10,483	—
Total liabilities		$ 10,483	$ —

**These interest rate swap assets and liabilities are recorded at gross at both August 2, 2019 and August 3, 2018 since there were no offsetting assets and liabilities under the Company's master netting agreements.

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 August 2, 2019 and August 3, 2018 resulted in reductions of $399 and $213, respectively, in the total fair value of the interest rate swap assets and liabilities. The offset to the interest rate swap assets and liabilities is recorded in accumulated other comprehensive income (loss) ("AOCIL"), net of the deferred tax assets, and will be reclassified into earnings over the term of the underlying debt. As of August 2, 2019, the estimated pre-tax portion of AOCIL that is expected to be reclassified into earnings over the next twelve months is $685. 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 AOCIL for each of the three years:

	Amount of Income (Loss) Recognized in AOCIL on Derivatives (Effective Portion)		
	2019	2018	2017
Cash flow hedges:			
Interest rate swaps	$ (15,466)	$ 13,103	$ 15,402

The following table summarizes the changes in AOCIL, net of tax, related to the Company's interest rate swaps for the years ended August 2, 2019, August 3, 2018 and July 28, 2017:

	August 2, 2019	August 3, 2018	July 28, 2017
Beginning AOCIL balance	$ 4,685	$ (4,229)	$ (13,740)
Other comprehensive income (loss) before reclassifications	(11,752)	11,274	12,082
Amounts reclassified from AOCIL into earnings	154	(2,360)	(2,571)
Other comprehensive income (loss), net of tax	(11,598)	8,914	9,511
Ending AOCIL balance	$ (6,913)	$ 4,685	$ (4,229)

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

	Location of (Income) Loss Reclassified from AOCIL into Income (Effective Portion)	Amount of (Income) Loss Reclassified from AOCIL into Income (Effective Portion)		
		2019	2018	2017
Cash flow hedges:				
Interest rate swaps	Interest expense	$ (206)	$ 3,398	$ 4,163

The following table summarizes the amounts reclassified out of AOCIL related to the Company's interest rate swaps for the years ended August 2, 2019, August 3, 2018 and July 28, 2017:

Details about AOCIL	August 2, 2019	August 3, 2018	July 28, 2017	Affected Line Item in the Consolidated Statement of Income
Loss on cash flow hedges:				
Interest rate swaps	$ 206	$ (3,398)	$ (4,163)	Interest expense
Tax benefit	(52)	1,038	1,592	Provision for income taxes
	$ 154	$ (2,360)	$ (2,571)	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 2019, 2018 and 2017.

8. Share Repurchases

In each of 2019, 2018 and 2017, subject to a maximum amount of $25,000 and the limits imposed by its credit facility, the Company was authorized to repurchase shares at management's discretion. Additionally, in the fourth quarter of 2019, the Company's Board of Directors increased the share repurchase authorization to $50,000. The Company did not repurchase any shares of its common stock in 2019 and 2017. In 2018, the Company repurchased 100,000 shares of its common stock in the open market at an aggregate cost of $14,772.

9. 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.

Disaggregation of revenue

Total revenue was comprised of the following at:

	2019	2018	2017
Restaurant	$ 2,482,377	$ 2,439,389	$ 2,351,212
Retail	589,574	591,056	575,077
Total revenue	$ 3,071,951	$ 3,030,445	$ 2,926,289

10. Leases

As of August 2, 2019, the Company operated 247 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 last three years was:

Year	Minimum	Contingent	Total
2019	$ 78,044	$ 280	$ 78,324
2018	76,445	255	76,700
2017	75,000	252	75,252

The following is a schedule by year of the future minimum rental payments required under the Company's operating leases as of August 2, 2019:

Year	Total
2020	$ 69,249
2021	40,962
2022	36,280
2023	33,639
2024	34,020
Later years	515,169
Total	$ 729,319

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 August 2, 2019 and August 3, 2018, the Company was in compliance with these covenants.

11. 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 and units, performance-based MSU Grants, stock options and other types of share-based awards.

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 August 2, 2019, the number of shares authorized for future issuance under the Company's active plan is 986,504. At August 2, 2019, the number of outstanding awards under the 2010 Omnibus Plan was 99,822.

Types of Share-Based Awards

Nonvested Stock Awards

Nonvested stock awards consist of the Company's common stock, generally accrue dividend equivalents and vest over 1–5 years. The fair value of the Company's nonvested stock awards which accrue dividends 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 August 2, 2019:

Long-Term Performance Plan ("LTPP")	Performance Period	Vesting Period (in Years)
2019 LTPP	2019 – 2020	2 or 3
2018 LTPP	2018 – 2019	2 or 3

The following table summarizes the shares that have been accrued under the 2019 LTPP and 2018 LTPP at August 2, 2019:

2019 LTPP	13,104
2018 LTPP	17,190

A summary of the Company's nonvested stock activity as of August 2, 2019, and changes during 2019 are presented in the following table:

Nonvested Stock	Shares	Weighted-Average Grant Date Fair Value
Unvested at August 3, 2018	41,758	$ 143.73
Granted	49,724	150.13
Vested	(34,692)	147.55
Forfeited	(4,207)	144.93
Unvested at August 2, 2019	52,583	$ 147.17

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

	2019	2018	2017
Total fair value of nonvested stock	$ 5,119	$ 5,976	$ 14,700

Nonvested Stock Units

Beginning in 2017, the Company adopted long-term incentive plans that award nonvested stock units based upon relative total shareholder return ("rTSR RSUs"). The number of nonvested stock units that will ultimately be awarded and will vest at the end of the applicable three-year performance period is based on relative total shareholder return, which is defined as increases in the Company's stock price plus dividends paid during the performance period as compared to the total shareholder return of a group of peer companies determined by the Committee. The number of shares awarded at the end of the performance period for each nonvested stock unit may range from 75% to 125% of the target award. 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 2017 and 2018 rTSR RSUs are also subject to the achievement of a specified level of operating income during the performance period. If this performance goal is not met, no nonvested stock units will be awarded and no compensation expense will be recorded.

The fair value of the nonvested stock units 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 volatilities are the historical volatilities of the Company's stock and the members of the peer group 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 risk-free rates for the nonvested stock units granted in 2017 ranged from 1.0% to 1.4%. The risk-free interest rates for the nonvested stock units granted in 2018 and 2019 were 1.6% and 2.9%, respectively.
- The expected dividend yield is assumed to be zero since the award holders are entitled to any dividends paid over the performance period.

Dividends accrue on the nonvested stock units. Dividends will be forfeited for nonvested stock units that do not vest.

The following table summarizes the shares that have been accrued for rTSR RSUs awards under the 2019, 2018 and 2017 long-term incentive plans at August 2, 2019:

	Shares
2019 rTSR RSUs	3,675
2018 rTSR RSUs	5,722
2017 rTSR RSUs	7,548

Performance-Based Market Stock Units

The number of MSU Grants (last granted in 2016) that were awarded and vested at the end of the applicable three-year performance period for each annual plan was based on total shareholder return, which was defined as the change in the Company's stock price plus dividends paid during the performance period.

Similar to the rTSR RSUs, the fair value of the MSU Grants was determined using the Monte-Carlo simulation model. This model incorporated the following ranges of assumptions:

- The expected volatility was a blend of implied volatility based on market-traded options on the Company's stock and historical volatility of our stock over the period commensurate with the three-year performance period. The expected volatility for the 2016 MSU Grants ranged from 23% to 24%.
- The risk-free interest rate was based on the U.S. Treasury rate assumption commensurate with the three-year performance period. The risk-free rates for the 2016 MSU Grants ranged from 0.9% to 1.0%.
- The expected dividend yield was assumed to be zero since the award holders are entitled to any dividends paid over the performance period.

Dividends accrued on the 2016 MSU Grants. Dividends were forfeited for any MSU Grants that did not vest.

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 vested at a cumulative rate of 33% per year beginning on the first anniversary of the grant date and expired ten years from the date of grant. No stock options were granted in 2017, 2018 or 2019. All of the Company's outstanding stock options were exercised in 2018.

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

	2019	2018	2017
Total intrinsic values of options exercised*	$ —	$ 466	$ 1,070

*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:

	2019	2018	2017
Nonvested stock awards and units	$ 8,181	$ 6,052	$ 6,654
MSU Grants	—	925	1,804
Total compensation expense	$ 8,181	$ 6,977	$ 8,458

The following table highlights the total unrecognized compensation expense related to the outstanding nonvested stock awards and nonvested stock units and the weighted-average periods over which the expense is expected to be recognized as of August 2, 2019:

	Nonvested Stock Awards	Nonvested Stock Units
Total unrecognized compensation	$ 3,496	$ 1,363
Weighted-average period in years	1.73	1.67

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

	2019	2018	2017
Total income tax benefit	$ 1,317	$ 774	$ 2,740

During 2019, the Company issued 37,690 shares of its common stock resulting from the vesting of share-based compensation awards. Related tax withholding payments on these share-based compensation awards resulted in a net reduction to shareholders' equity of $2,497.

12. Shareholder Rights Plan

On April 9, 2018, 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, 2018 (the "Rights Agreement"), by and between the Company and American Stock Transfer & Trust Company, LLC, as rights agent. The dividend was payable on April 19, 2018 to the shareholders of record on April 19, 2018. The Rights Agreement replaced the Company's previous shareholder rights plan adopted in 2015 (the "2015 Plan"), and it became effective immediately following the expiration of the 2015 Plan at the close of business on April 9, 2018. The 2015 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 2015 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, by certificates that represent shares of the Company's common stock. New Rights will accompany any new shares of common stock the Company issues after April 19, 2018 until the earlier to occur of the Distribution Date, redemption of the Rights by the Company's Board of Directors or the final expiration 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 (the "Exercise Price"), 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 also 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 August 2, 2019, 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 (initially $1,200.00 per Right).

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 (initially $1,200.00 per Right).

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.

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; and
- 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 will not cause the offeror or its affiliates 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

The Rights Agreement expires on April 9, 2021.

13. 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 2019 and 2018, the Company matched 50% of employee contributions for each participant in the 401(k) Savings Plan up to a total of 5% of the employee's compensation and matched 25% of employee contributions in the Non-Qualified Savings Plan up to a total of 6% of the employee's compensation. In 2017, 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 $30,593 is included in other assets and the related liability to the participants of $30,593 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:

	2019	2018	2017
401(k) Savings Plan	$ 4,553	$ 3,812	$ 2,501
Non-Qualified Savings Plan	320	342	291

14. Income Taxes

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

	2019	2018	2017
Current:			
Federal	$ 38,831	$ 40,761	$ 83,743
State	8,310	6,099	7,567
Deferred:			
Federal	(1,427)	(16,779)	4,696
State	(2,759)	722	982
Total provision for income taxes	$ 42,955	$ 30,803	$ 96,988

A reconciliation of the Company's provision for income taxes and income taxes based on the statutory U.S. federal rate of 21.0%, 26.9% and 35.0% in 2019, 2018 and 2017, respectively, was as follows:

	2019	2018	2017
Provision computed at federal statutory income tax rate	$ 55,935	$ 74,859	$ 104,611
State and local income taxes, net of federal benefit	4,248	5,066	5,856
Revaluation of deferred taxes due to a reduction in the federal tax rate at the enactment date of the Tax Act	—	(26,772)	—
Revaluation of deferred taxes due to the impact of the change in rate on 2018 temporary items	—	(3,710)	—
Employer tax credits for FICA taxes paid on employee tip income	(15,107)	(13,707)	(11,543)
Other employer tax credits	(3,537)	(4,476)	(2,814)
Other-net	1,416	(457)	878
Total provision for income taxes	$ 42,955	$ 30,803	$ 96,988

The increase in the Company's provision for income taxes from 2018 to 2019 reflected the significant impact of the Tax Act. The Tax Act made broad and complex changes to the U.S. tax code, including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%. This rate reduction lowered deferred tax liabilities, the tax benefit of which was recognized in 2018.

Similarly, the decrease in the Company's provision for income taxes from 2017 to 2018 reflected the significant impact of the Tax Act. In accordance with Section 15 of the Internal Revenue Code, the Company used a blended rate of 26.9% for its fiscal 2018 tax year, by applying a prorated percentage of the number of days prior to and subsequent to the January 1, 2018 effective date of the Tax Act.

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

	August 2, 2019	August 3, 2018
Deferred tax assets:		
Compensation and employee benefits	$ 6,496	$ 6,342
Deferred rent	13,424	12,667
Accrued liabilities	21,379	8,546
Insurance reserves	7,571	7,291
Inventory	2,873	3,106
Other	536	—
Deferred tax assets	$ 52,279	$ 37,952
Deferred tax liabilities:		
Property and equipment	$ 85,379	$ 75,433
Inventory	7,363	7,448
Other	3,656	7,232
Deferred tax liabilities	96,398	90,113
Net deferred tax liability	$ 44,119	$ 52,161

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 August 2, 2019 and August 3, 2018, the Company's gross liability for uncertain tax positions, exclusive of interest and penalties, was $18,006 and $18,634, 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:

	August 2, 2019	August 3, 2018	July 28, 2017
Balance at beginning of year	$ 18,634	$ 20,731	$ 21,899
Tax positions related to the current year:			
Additions	2,742	3,029	4,003
Reductions	—	—	—
Tax positions related to the prior year:			
Additions	203	610	582
Reductions	(348)	(575)	(2,966)
Settlements	(1,784)	(3,878)	(1,027)
Expiration of statute of limitations	(1,441)	(1,283)	(1,760)
Balance at end of year	$ 18,006	$ 18,634	$ 20,731

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:

	2019	2018	2017
Uncertain tax positions	$ 14,225	$ 14,721	$ 13,475

The Company had $6,297, $5,681, and $6,128 in interest and penalties accrued as of August 2, 2019, August 3, 2018, and July 28, 2017, respectively.

The Company recognized accrued interest and penalties related to unrecognized tax benefits of $616, $(447) and $631 in its provision for income taxes on August 2, 2019, August 3, 2018 and July 28, 2017, respectively. The increase from 2018 to 2019 was primarily attributable to additional accruals in excess of settlements and expirations. The decrease from 2017 to 2018 was primarily attributable to audit settlements in 2018.

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 August 2, 2019 by approximately $3,000 to $4,000 within the next twelve months. At August 2, 2019, the Company was subject to income tax examinations for its U.S. federal income taxes after 2015 and for state and local income taxes generally after 2015.

15. Net Income Per Share and Weighted Average Shares

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

	2019	2018	2017
Net income per share numerator	$ 223,401	$ 247,620	$ 201,899
Net income per share denominator:			
Basic weighted average shares outstanding	24,037,272	24,011,161	24,031,810
Add potential dilution:			
Nonvested stock awards and units, MSU Grants and stock options	59,124	64,453	86,478
Diluted weighted average shares outstanding	24,096,396	24,075,614	24,118,288

16. Commitments and Contingencies

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 August 2, 2019, the Company had $8,955 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 6).

As of August 2, 2019, the Company is secondarily liable for lease payments associated with two properties. The Company is not aware of any non-performance under these lease arrangements that would result in the Company having to perform in accordance with the terms of these guarantees, 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 agreements.

The Company enters into certain indemnification agreements in favor of third parties in the ordinary course of business. The Company believes that the probability of incurring an actual liability under other indemnification agreements is sufficiently remote so that no liability has been recorded in the Consolidated Balance Sheet.

17. Quarterly Financial Data (Unaudited)

Quarterly financial data for 2019 and 2018 are summarized as follows:

	1st Quarter	2nd Quarter(a)	3rd Quarter	4th Quarter(b)
2019				
Total revenue	$ 733,543	$ 811,707	$ 739,603	$ 787,098
Store operating income	100,613	112,935	102,210	119,912
Income before income taxes	57,329	72,534	60,974	75,519
Net income	47,207	60,755	50,414	65,025
Net income per share – basic	1.97	2.53	2.10	2.70
Net income per share – diluted	1.96	2.52	2.09	2.70
2018				
Total revenue	$ 710,368	$ 787,771	$ 721,413	$ 810,893
Store operating income	107,731	112,686	98,718	118,213
Income before income taxes	67,220	72,994	59,715	78,494
Net income	46,380	91,139	48,747	61,354
Net income per share – basic	1.93	3.80	2.03	2.56
Net income per share – diluted	1.92	3.79	2.03	2.55

(a) The Company recorded a provisional tax benefit for the re-measurement of deferred tax liabilities of $27,032 and $2,500 for long-term and short-term liabilities in the second quarter of fiscal 2018 as a result of the Tax Act.
(b) The Company's fourth quarter of fiscal 2018 consisted of 14 weeks.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Our management, with the participation of our principal executive and financial officers, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that, as of August 2, 2019, our disclosure controls and procedures were effective.

There have been no changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended August 2, 2019 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 based on this evaluation. We have concluded that our internal control over financial reporting was effective as of August 2, 2019, 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.

/s/Sandra B. Cochran
Sandra B. Cochran
President and Chief Executive Officer

/s/Jill M. Golder
Jill M. Golder
Senior Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Cracker Barrel Old Country Store, Inc. and subsidiaries (the “Company”) as of August 2, 2019, based on criteria established in *Internal Control—Integrated Framework (2013*) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 2, 2019, based on criteria established in *Internal Control — Integrated Framework (2013*) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended August 2, 2019, of the Company and our report dated September 27, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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 its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
September 27, 2019

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item with respect to directors of the Company is incorporated herein by this reference to the following sections of the 2019 Proxy Statement: "Board of Directors and Committees," "Proposal 1: Election of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Certain Relationships and Related Transactions—Code of Ethics." The information required by this Item with respect to executive officers of the Company is set forth in Part I of this Annual Report on Form 10-K under the heading "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by this reference to the following sections of the 2019 Proxy Statement: "Executive Compensation" and "Board of Directors and Committees—Compensation of Directors." The "Compensation Committee Report" set forth in the section of the 2019 Proxy Statement entitled "Executive Compensation" is deemed to be "furnished" and is not, and shall not be deemed to be, "filed" for purposes of Section 18 of the Exchange Act.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated herein by this reference to the sections entitled "Stock Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in the 2019 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by this reference to the sections entitled "Certain Relationships and Related Transactions" and "Director Independence" in the 2019 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated herein by this reference to the sections entitled "Fees Paid to Auditors" and "Audit Committee Report" in the 2019 Proxy Statement. No other portion of the section of the 2019 Proxy Statement entitled "Audit Committee Report" is, nor shall it be deemed to be, incorporated by reference into this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS, AND FINANCIAL STATEMENT SCHEDULES

(a) List of documents filed as part of this report:

1. All financial statements – see Item 8.

2. All schedules have been omitted since they are either not required or not applicable, or the required information is included.

3. The exhibits listed in the accompanying Index to Exhibits immediately prior to the signature page to this Annual Report on Form 10-K.

INDEX TO EXHIBITS

Exhibit	
3(I), 4(a)	Amended and Restated Charter of Cracker Barrel Old Country Store, Inc. (1)
3(II), 4(b)	Amended and Restated Bylaws of Cracker Barrel Old Country Store, Inc. (2)
4(c), 10(b)	Credit Agreement, dated as of September 5, 2018, among Cracker Barrel Old Country Store, Inc., the Subsidiary Guarantors named therein, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent and Collateral Agent (3)
4(d), 10(c)	First Amendment to Credit Agreement, dated as of July 18, 2019, among Cracker Barrel Old Country Store, Inc., the Subsidiary Guarantors named therein, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent and Collateral Agent (filed herewith)
4(e)	Rights Agreement, dated as of April 9, 2018, between Cracker Barrel Old Country Store, Inc. and American Stock Transfer & Trust Company, LLC, as rights agent (4)
4(f)	Description of Capital Stock (filed herewith)
10(d)	Form of Stock Option Award under the CBRL Group, Inc. 2002 Omnibus Incentive Compensation Plan† (5)
10(e)	Master Lease, dated July 31, 2000, between Country Stores Property I, LLC, as Lessor, and Cracker Barrel Old Country Store, Inc., as Lessee, for lease of 21 Cracker Barrel Old Country Store® sites (6)
10(f)	Master Lease, dated July 31, 2000, between Country Stores Property I, LLC, as Lessor, and Cracker Barrel Old Country Store, Inc., as Lessee, for lease of nine Cracker Barrel Old Country Store® sites (7)
10(g)	Master Lease, dated July 31, 2000, between Country Stores Property II, LLC, as Lessor, and Cracker Barrel Old Country Store, Inc., as Lessee, for lease of 23 Cracker Barrel Old Country Store® sites (8)
10(h)	Master Lease, dated July 31, 2000, between Country Stores Property III, LLC, as Lessor, and Cracker Barrel Old Country Store, Inc., as Lessee, for lease of 12 Cracker Barrel Old Country Store® sites (9)
10(i)	Cracker Barrel Old Country Store, Inc. Amended and Restated Stock Option Plan (as amended to date)† (10)
10(j)	Cracker Barrel Old Country Store, Inc. Corporate Policy—Severance Benefits Policy (as amended to date)† (11)
10(k)	Cracker Barrel Old Country Store, Inc. 2002 Omnibus Incentive Compensation Plan (as amended to date)† (12)
10(l)	Cracker Barrel Old Country Store, Inc. 2010 Omnibus Stock and Incentive Plan† (13)
10(m)	Cracker Barrel Old Country Store, Inc. Form of Performance-Based Stock Unit Award† (14)
10(n)	Cracker Barrel Old Country Store, Inc. Non-Qualified Savings Plan (as amended to date)† (15)
10(o)	Cracker Barrel Old Country Store, Inc. Deferred Compensation Plan† (16)
10(p)	Amendment to Deferred Compensation Plan†(17)

10(q)	Cracker Barrel Old Country Store, Inc. Form of Restricted Stock Award Notice† (18)
10(r)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2017 Long-Term Incentive Program† (19)
10(s)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2018 Long-Term Incentive Program† (20)
10(t)	Form of Severance Agreement between Cracker Barrel Old Country Store, Inc., and certain of its named executive officers† (21)
10(u)	Form of Change of Control Agreement between Cracker Barrel Old Country Store, Inc., and certain of its named executive officers† (22)
10(v)	Employment Agreement with Sandra B. Cochran, dated as of July 27, 2018† (23)
10(w)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2019 Annual Bonus Plan† (24)
10(x)	Cracker Barrel Old Country Store, Inc. and Subsidiaries FY 2019 Long-Term Incentive Program† (25)
21	Subsidiaries of the Registrant (filed herewith)
23	Consent of Independent Registered Public Accounting Firm - Deloitte & Touche LLP (filed herewith)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (filed herewith)

Table of Contents

(1) Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on April 10, 2012 (Commission File No. 000-25225).

(2) Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on February 24, 2012 (Commission File No. 000-25225).

(3) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on September 10, 2018.

(4) Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on April 9, 2018.

(5) Incorporated by reference to Exhibit 10(l) to the Company's Annual Report on Form 10-K filed under the Exchange Act for the fiscal year ended July 29, 2005 (Commission File No. 000-25225).

(6) Incorporated by reference to Exhibit 10(r) to the Company's Annual Report on Form 10-K filed under the Exchange Act for the fiscal year ended July 28, 2000 (Commission File No. 000-25225).

(7) Incorporated by reference to Exhibit 10(d) to the Company's Annual Report on Form 10-K filed under the Exchange Act for the fiscal year ended July 28, 2017.

(8) Incorporated by reference to Exhibit 10(e) to the Company's Annual Report on Form 10-K filed under the Exchange Act for the fiscal year ended July 28, 2017.

(9) Incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K filed under the Exchange Act for the fiscal year ended July 28, 2017.

(10) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act for the quarterly period ended January 30, 2009 (Commission File No. 000-25225).

(11) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act for the quarterly period ended May 1, 2009 (Commission File No. 000-25225).

(12) Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act for the quarterly period ended January 29, 2010 (Commission File No. 000-25225).

(13) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on December 7, 2010 (Commission File No. 000-25225).

(14) Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed under the Exchange Act on December 7, 2010 (Commission File No. 000-25225).

(15) Incorporated by reference to Exhibit 10(aa) to the Company's Annual Report on Form 10-K filed under the Exchange Act for the fiscal year ended July 29, 2011 (Commission File No. 000-25225).

(16) Incorporated by reference to Exhibit 10(bb) to the Company's Annual Report on Form 10-K filed under the Exchange Act for the fiscal year ended July 29, 2011 (Commission File No. 000-25225).

(17) Incorporated by reference to Exhibit 10(cc) to the Company's Annual Report on Form 10-K filed under the Exchange Act for the fiscal year ended July 29, 2011 (Commission File No. 000-25225).

(18) Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed under the Exchange Act on July 31, 2013 (Commission File No. 000-25225).

(19) Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed under the Exchange Act on October 28, 2016.

(20) Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed under the Exchange Act on October 3, 2017.

(21) Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act for the quarterly period ended April 27, 2018.

(22) Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act for the quarterly period ended April 27, 2018.

(23) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on July 30, 2018.

(24) Incorporated by reference to Exhibit 10(x) to the Company's Annual Report on Form 10-K filed under the Exchange Act on September 28, 2018.

(25) Incorporated by reference to Exhibit 10(y) to the Company's Annual Report on Form 10-K filed under the Exchange Act on September 28, 2018.

†Denotes management contract or compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on this 27th day of September, 2019.

CRACKER BARREL OLD COUNTRY STORE, INC.

By:

/s/Sandra B. Cochran
Sandra B. Cochran,
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities on this 27th day of September, 2019.

Name	Title
/s/Sandra B. Cochran Sandra B. Cochran	President, Chief Executive Officer and Director
/s/Jill M. Golder Jill M. Golder	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/s/Jeffrey M. Wilson Jeffrey M. Wilson	Vice President, Corporate Controller (Principal Accounting Officer)
/s/Thomas H. Barr Thomas H. Barr	Director
/s/Carl T. Berquist Carl T. Berquist	Director
/s/James W. Bradford James W. Bradford	Director and Chairman of the Board
/s/Meg G. Crofton Meg G. Crofton	Director
/s/Richard J. Dobkin Richard J. Dobkin	Director
/s/Norman E. Johnson Norman E. Johnson	Director
/s/William W. McCarten William W. McCarten	Director
/s/Coleman H. Peterson Coleman H. Peterson	Director
/s/Andrea M. Weiss Andrea M. Weiss	Director

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is entered into as of July 18, 2019 among CRACKER BARREL OLD COUNTRY STORE, INC., a Tennessee corporation (the "Borrower"), the Guarantors party hereto, the Lenders party hereto and BANK OF AMERICA, N.A., as Administrative Agent and Collateral Agent. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement (as defined below and amended hereby).

RECITALS

WHEREAS, the Borrower, the Guarantors party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent and Collateral Agent, have entered into that certain Credit Agreement dated as of September 5, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower has requested that the Lenders amend the Credit Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments. Subject to the terms and conditions set forth herein, the Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is amended to add the following new defined terms in the appropriate alphabetical order:

"***BHC Act Affiliate***" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"***Covered Entity***" means any of the following: (a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"***Covered Party***" has the meaning specified in Section 9.25.

"***Default Right***" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"***First Amendment Closing Date***" means July 18, 2019.

"***Punch Bowl***" means PBS Holdco, LLC, a Delaware limited liability company.

“***Punch Bowl Investment***” means (i) the acquisition or subscription by a Loan Party of approximately 46% of the voting Equity Interests on a fully diluted basis and approximately 54% of the aggregate Equity Interests in Punch Bowl on a fully diluted basis, for an aggregate purchase price of not more than $89,100,000, (ii) the acquisition by a Loan Party of that certain promissory note issued by Punch Bowl as of February 22, 2019 in favor of Eatertainment Holdings, LLC having a face value of $2,400,000 for a purchase price equal to the face value thereof plus accrued interest thereon, (iii) the acquisition by a Loan Party of certain promissory notes issued by Punch Bowl as of June 2019 and July 2019 in favor of Eatertainment Holdings, LLC having an aggregate face value of approximately $4,500,000 million for a purchase price equal to the face value thereof plus accrued interest thereon, and (iv) additional Investments by a Loan Party in Punch Bowl or the purchase of existing Punch Bowl debt in connection with the closing, in an aggregate amount not to exceed $10,000,000, less the amount of promissory notes acquired pursuant to the preceding clause (iii), in each case pursuant to the Punch Bowl Investment Agreements.

“***Punch Bowl Investment Agreements***” means (i) the Purchase and Subscription Agreement dated as of the First Amendment Closing Date by and among, *inter alios*, CB Eatertainment, Inc., a wholly-owned subsidiary of the Borrower as the buyer party thereto, Punch Bowl and Eatertainment Holdings, LLC, as the seller party thereto, and (ii) the Second Amended and Restated Limited Liability Company Agreement of Punch Bowl, dated as of the First Amendment Closing Date, by and among the members party thereto.

“***QFC***” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“***QFC Credit Support***” has the meaning specified in Section 9.25.

“***Supported QFC***” has the meaning specified in Section 9.25.

“***U.S. Special Resolutions Regimes***” has the meaning specified in Section 9.25.

(b) The definition of “Subsidiary” in Section 1.01 of the Credit Agreement is amended and restated in its entirety to read as follows:

“***Subsidiary***” of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person’s other Subsidiaries. Notwithstanding the foregoing, Punch Bowl and its Subsidiaries (if any) shall not be considered Subsidiaries of the Borrower or of any Subsidiary of the Borrower for so long as the Borrower and its Subsidiaries own not more than 50% of the voting Equity Interests in Punch Bowl on a fully diluted basis and Punch Bowl and its Subsidiaries are not consolidated with the Borrower and the Borrower’s Subsidiaries in accordance with GAAP.

(c) Section 1.07 of the Credit Agreement is amended and restated in its entirety to read as follows:

SECTION 1.07 Times of Day; Rates. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable). The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "Eurodollar Rate" or with respect to any rate that is an alternative or replacement for or successor to any of such rates (including any LIBOR Successor Rate) or the effect of any of the foregoing, or of any LIBOR Successor Rate Conforming Changes.

(d) Section 5.02(f) of the Credit Agreement is amended by (i) deleting the word "and" at the end of clause (viii) thereof; (ii) amending and restating clause (ix) thereof in its entirety to read as set forth below; and (iii) adding a new clause (x) to read as set forth below:

(ix) (A) the Punch Bowl Investment on the First Amendment Closing Date and (B) after (or substantially concurrent with) the consummation of the Punch Bowl Investment on the First Amendment Closing Date, additional Investments in Punch Bowl or the purchase of existing Punch Bowl debt, in an aggregate amount not to exceed $41,000,000 during the term of this Agreement, so long as (in the case of both clause (A) and clause (B)) (1) immediately after giving effect to any such Investment and any related incurrence of Indebtedness, (x) the Consolidated Total Leverage Ratio shall be at least 0.25:1.00 less than the ratio required to be maintained at such time by Section 5.04(a), such compliance to be determined on a pro forma basis as though such Investment (and any related incurrence of Indebtedness) had been consummated as of the first day of the fiscal period covered thereby, and (y) the Borrower and its Subsidiaries shall be in pro forma compliance with all of the covenants set forth in Section 5.04, such compliance to be determined on a pro forma basis as though such Investment (and any related incurrence of Indebtedness) had been consummated as of the first day of the fiscal period covered thereby, (2) immediately before and immediately after giving effect to any such Investment and any related incurrence of Indebtedness, no Default shall have occurred and be continuing and (3) the Borrower shall have delivered to the Administrative Agent, on behalf of the Lender Parties, a certificate of a Responsible Officer, in form and substance reasonably satisfactory to the Administrative Agent, certifying that all of the requirements set forth in this clause (ix) have been satisfied or will be satisfied on or prior to the consummation of such Investment; and

(x) Investments that comprise the assets of the Non-Qualified Deferred Compensation Plan.

(e) Article IX of the Credit Agreement is amended to add a new Section 9.25 immediately following Section 9.24 of the Credit Agreement to read as follows:

9.25 Acknowledgement Regarding Any Supported QFC. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Obligation or any other agreement or instrument that is a QFC (such support, "QFC Credit Support", and each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): in the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

2. Conditions Precedent. This Amendment shall be effective upon satisfaction of the following conditions precedent:

(a) receipt by the Administrative Agent of counterparts of this Amendment duly executed by (i) an authorized officer acceptable to the Administrative Agent of each Loan Party, (ii) the Required Lenders, and (iii) the Administrative Agent; and

(b) the Borrower shall have paid all reasonable costs and expenses of the Administrative Agent (including reasonable and documented fees and expenses of its legal counsel) in connection with this Amendment to the extent invoiced prior to or on the date hereof (paid directly to such counsel if requested by the Administrative Agent), without prejudice to a final settling of accounts between the Administrative Agent and the Borrowers.

3. Miscellaneous.

(a) The Credit Agreement (as amended hereby) and the obligations of the Loan Parties thereunder and under the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Amendment shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of any Loan Document or a waiver by the Administrative Agent or any Lender of any rights and remedies under the Loan Documents, at law or in equity.

(b) Each Guarantor (i) acknowledges and consents to all of the terms and conditions of this Amendment, (ii) affirms all of its obligations under the Loan Documents, and (iii) agrees that this Amendment and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Credit Agreement or the other Loan Documents.

(c) The Borrowers and the Guarantors hereby represent and warrant to the Administrative Agent and the Lenders as follows:

(i) Each Loan Party has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Amendment. This Amendment and the execution and performance hereof by the Loan Parties do not conflict with any Loan Party's organizational documents or any law, agreement or obligation by which any Loan Party is bound.

(ii) This Amendment has been duly executed and delivered by each Loan Party and constitutes a legal, valid and binding obligation of each Loan Party, enforceable against each such Loan Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

(iii) No approval, consent, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Amendment.

(d) The Loan Parties represent and warrant to the Administrative Agent and the Lenders that (i) after giving effect to this Amendment, the representations and warranties contained in each Loan Document are true and correct in all material respects (or, in the case of any representation or warranty that is qualified by materiality or Material Adverse Effect, such representation or warranty is true and correct in all respects) on and as of the date hereof as though made on and as of the date hereof, other than any such representations or warranties that, by their express terms, refer to a specific earlier date, in which case as of such specific date, and (ii) no event has occurred and is continuing which constitutes a Default or an Event of Default.

(e) This Amendment shall constitute a Loan Document for all purposes. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment. This Amendment constitutes the entire contract among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Amendment will inure to the benefit of and bind the respective successors and permitted assigns of the parties hereto.

(f) **THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE TERMS OF <u>SECTIONS 9.05</u> AND <u>9.06</u> OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE, *MUTATIS MUTANDIS*.**

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

BORROWER:

CRACKER BARREL OLD COUNTRY STORE, INC.,
a Tennessee corporation

By: /s/Jill M. Golder
Name: Jill M. Golder
Title: Senior Vice President and Chief Financial Officer

GUARANTORS:

CBOCS SUPPLY, INC.,
a Tennessee corporation

By /s/Richard M. Wolfson
Name: Richard M. Wolfson
Title: Secretary

CBOCS WEST, INC.,
a Nevada corporation

By /s/Richard M. Wolfson
Name: Richard M. Wolfson
Title: Secretary

CB MUSIC LLC,
a Tennessee limited liability company

By /s/Richard M. Wolfson
Name: Richard M. Wolfson
Title: Secretary

[Signature Pages Continue]

CBOCS PENNSYLVANIA, LLC,
a Pennsylvania limited liability company

By /s/ Richard M. Wolfson
Name: Richard M. Wolfson
Title: Secretary

CBOCS DISTRIBUTION, INC.,
a Tennessee corporation

By /s/Jeffrey M. Wilson
Name: Jeffrey M. Wilson
Title: Secretary

ROCKING CHAIR, INC.,
a Nevada corporation

By /s/Donna Roberts
Name: Donna Roberts
Title: Secretary

CBOCS TEXAS, LLC,
a Tennessee limited liability company

By /s/Jeffrey M. Wilson
Name: Jeffrey M. Wilson
Title: Secretary

CBOCS PROPERTIES, INC.,
a Michigan corporation

By /s/S. Victoria Harvey
Name: S. Victoria Harvey
Title: Secretary

ADMINISTRATIVE AGENT
AND COLLATERAL AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent and Collateral Agent

By: /s/Joan Mok
Name: Joan Mok
Title: Vice President

LENDERS:

BANK OF AMERICA, N.A.,
as an Issuing Bank, Swing Line Bank and a Lender

By: /s/Robert J. Beckley
Name: Robert J. Beckley
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as an Issuing Bank and a Lender

By: /s/Maureen Malphus
Name: Maureen Malphus
Title: Vice President

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. "RABOBANK NEDERLAND", NEW YORK BRANCH, as a Lender

By: /s/Chris Grimes
Name: Chris Grimes
Title: Executive Director

By: /s/Jennifer Smith
Name: Jennifer Smith
Title: Vice President

REGIONS BANK, as a Lender

By: /s/Scott C. Tocci
Name: Scott C. Tocci
Title: Managing Director

SUNTRUST BANK, as a Lender

By: /s/Katie Lundin
Name: Katie Lundin
Title: Director

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/Sean P. Walters
Name: Sean P. Walters
Title: Vice President

BRANCH BANKING AND TRUST COMPANY, as a Lender

By: /s/Steven Thompson
Name: Steven Thompson
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/Creighton Reiss
Name: Creighton Reiss
Title: Vice President

SYNOVUS BANK, as a Lender

By: /s/Chandra Cockrell
Name: Chandra Cockrell
Title: Corporate Banker

PINNACLE BANK, as a Lender

By: <u>/s/William H. Diehl</u>
Name: William H. Diehl
Title: Senior Vice President

Exhibit 4(f)

Description of Capital Stock

The following description of the capital stock of Cracker Barrel Old Country Store, Inc. (“us,” “our,” “we,” “CBRL” or the “Company”) is a summary of the rights of our common stock and certain provisions of our amended and restated charter (the “Charter”) and amended and restated bylaws (the “Bylaws”) as currently in effect. This summary does not purport to be complete and is qualified in its entirety by the provisions of our Charter, Bylaws and Rights Agreement (defined below), copies of which are filed as exhibits to this Annual Report on Form 10-K and are incorporated by reference herein, and to the applicable provisions of Tennessee law. We encourage you to read our Charter, Bylaws, and Rights Agreement and the applicable provisions of Tennessee law for additional information.

General

Our authorized capitalization consists of 500,000,000 shares, of which 400,000,000 shares are classified and designated common stock, par value $0.01 per share, and 100,000,000 shares are classified and designated preferred stock, par value $0.01 per share. Our board of directors (the “Board of Directors”) has designated and authorized the issuance of a series of up to 300,000 shares of Series A Junior Participating Preferred Stock, $0.01 par value per share (the “Series A Junior Participating Preferred Stock”).

Common Stock

Our common stock is listed and principally traded on the Nasdaq Global Select Market under the symbol “CBRL.” All outstanding shares of our common stock are fully paid and nonassessable. Each outstanding share of our common stock is entitled to one vote on all matters submitted to a vote of shareholders. Our Board of Directors is declassified, and each director stands for election every year. The holders of our outstanding common stock do not have the right to cumulate their votes with respect to the election of directors or any other matters. The holders of outstanding shares of our common stock are entitled to receive dividends out of assets legally available for the payment of dividends at the times and in the amounts as our Board of Directors may from time to time determine. The shares of common stock are neither redeemable nor convertible. Holders of our common stock have no preemptive or subscription rights to purchase any securities of CBRL. Upon liquidation, dissolution or winding up of CBRL, the holders of our common stock are entitled to receive pro rata the assets of CBRL that are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

Preferred Stock

Our Charter authorizes our Board of Directors to issue, without further shareholder approval, up to 100,000,000 shares of preferred stock from time to time in one or more series with such designations, powers, preferences and relative rights, including voting rights, conversion rights, distribution rights, dividend rights, liquidation preference, transfer rights, redemption rights, merger rights and other rights, or restrictions as may be provided for the issue of such series by resolution and amendment to our Charter adopted by our Board of Directors. This generally is referred to as “blank check” preferred stock. The preferred stock could have priority over common stock as to dividends and as to the distribution of our assets upon any liquidation, dissolution or winding up of CBRL. Accordingly, the Board of Directors’ ability to authorize, without shareholder approval, the issuance of preferred stock with conversion and other rights may adversely affect the rights of holders of our common stock or other series of preferred stock that may be outstanding.

No shares of our preferred stock are currently issued and outstanding and we currently have no plans to issue any of the 100,000,000 authorized shares of preferred stock, except as described under "—Series A Junior Participating Preferred Stock" and "—Shareholder Rights Agreement."

Series A Junior Participating Preferred Stock

On April 9, 2018, the Board of Directors authorized the issuance of a series of 300,000 shares of Series A Junior Participating Preferred Stock. The Series A Junior Participating Preferred Stock may be issued in fractions of one one-hundredth of a share upon the exercise by holders of our common stock of certain preferred share purchase rights (the "Rights") pursuant to the Rights Agreement. Our Board of Directors authorized and declared a dividend to shareholders of record at the close of business on April 19, 2019 of one Right for each outstanding share of common stock of the Company. The terms of the Series A Junior Participating Preferred Stock are governed by our Charter.

For additional information regarding the Rights Agreement, see "—Shareholder Rights Agreement."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock and the Rights is American Stock Transfer & Trust Company.

Our Charter and Bylaws Contain Provisions That May Have an Anti-Takeover Effect

Our Charter and Bylaws contain certain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of the Company. These provisions, which are summarized below, could discourage takeovers, coercive or otherwise. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Undesignated preferred stock. As discussed above, our Board of Directors has the ability to designate and issue preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.

Limits on the ability of shareholders to act by written consent. Our Charter provides that our shareholders may not act by written consent, which may lengthen the amount of time required to take shareholder actions. As a result, the holders of a majority of our capital stock would not be able to amend our Charter or Bylaws or remove directors without holding a meeting of shareholders called in accordance with our Bylaws.

Requirements for advance notification of shareholder nominations and proposals. Our Charter and Bylaws contain advance notice procedures with respect to shareholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our Board of Directors or a committee of the Board of Directors. These advance notice procedures may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempt to obtain control of our company.

Amendment of Certificate of Incorporation and Bylaws. Tennessee law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or Bylaws, unless a corporation's Charter or Bylaws, as the case may be, requires a greater percentage. Our Charter provides that certain sections of our Charter and Bylaws may only be amended or revised by the affirmative vote of at least 75% of the outstanding shares of the capital stock of the Company entitled to vote, voting as one class.

Removal of directors. Under Tennessee law, a director can be removed by shareholders with or without cause, unless a corporation's charter provides that the director can only be removed for cause. Our Charter includes this restriction, which could make it more difficult for shareholders to remove existing members of our Board other than in connection with an annual meeting elect directors at which their annual terms expire.

Calling a special meeting. Under Tennessee law, a special meeting of a Tennessee corporation's shareholders can be called by its board of directors or, unless the charter provides otherwise, the holders of at least 10% of the outstanding voting stock. Our Charter provides that a special meeting can be called only by the holders of 20% or more of the voting stock, which could diminish the ability of shareholders to call special meetings or effect proposals outside the annual meeting context.

Tennessee Anti-Takeover Statutes.

In addition to certain of the Charter and Bylaws provisions discussed above and below, Tennessee has adopted a series of statutes which can have an anti-takeover effect and may delay or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for our capital stock.

The Tennessee Business Corporation Act

The Tennessee Business Corporation Act (the "TBCA") applies to all Tennessee companies. It imposes a five-year standstill on transactions such as mergers, share exchanges, sales of assets, liquidations and other interested party transactions between Tennessee corporations and "interested shareholders" and their associates or affiliates, unless the business combination is approved by the board of directors before the interested shareholder goes above the 10% ownership threshold. Thereafter, the transaction either requires a two-thirds vote of the shareholders other than the interested shareholder or satisfaction of certain fair price standards.

The TBCA also provides for additional exculpatory protection for the board of directors in resisting mergers, exchanges and tender offers if a Tennessee corporation's charter specifically incorporates such provisions. A Tennessee corporation's charter may authorize the members of a board of directors, in the exercise of their judgment, to give due consideration to factors other than price and to consider whether a merger, exchange, tender offer or significant disposition of assets would adversely affect the corporation's employees, customers, suppliers, the communities in which the corporation operates, or any other relevant factor in the exercise of their fiduciary duty to the shareholders.

The Tennessee Control Share Acquisition Act

The Tennessee Control Share Acquisition Act (the "TCSA") limits the voting rights of shares owned by a person above certain percentage thresholds, unless the non-interested shareholders of the corporation approve the interested shareholder's acquisition above the designated threshold. However, the TCSA only applies to corporations whose charter or bylaws contain an express declaration that control share acquisitions are to be governed by the TCSA. In addition, the charter or bylaws may specifically provide for the redemption of control shares or appraisal rights for dissenting shareholders in a control share transaction. Our Charter makes all of the express declarations necessary to avail us of the full protection under the TCSA.

Our charter makes all of the express declarations necessary to avail us of the full protection under the TBCA and TCSA. The provisions described above will have the general effect of discouraging, or rendering more difficult, unfriendly takeover or acquisition attempts. Consequently, such provisions could make takeover transactions less likely or have an adverse effect on the market price of our securities. However, our Board of Directors believes that such provisions are advantageous to shareholders in that they will encourage potential acquirers to negotiate with the Board of Directors with respect to any takeover proposal, thus enabling our Board of Directors to seek the greatest value and most favorable terms reasonably obtainable for our shareholders in such circumstances.

Shareholder Rights Agreement

On November 15, 2018, the Company's shareholders approved the adoption by our Board of Directors of the Rights Agreement, dated as of April 9, 2018 (the "Rights Agreement"). In connection with the adoption of the Rights Agreement, on April 9, 2018, our Board of Directors authorized and declared a dividend to shareholders of record at the close of business on April 19, 2019 of one Right for each outstanding share of common stock of the Company. Upon certain triggering events, each Right would entitle the holder to purchase from the Company one one-hundredth (subject to adjustment) of one share of Series A Junior Participating Preferred Stock, at an exercise price of $600.00 (the "Purchase Price") per one one-hundredth of a share of Series A Junior Participating Preferred Stock. In addition, if a person or group acquires beneficial ownership of 20% or more of the Company's common stock without prior approval of the Board of Directors, each holder of a Right (other than the acquiring person or group whose Rights will become void) will have the right to purchase, upon payment of the Purchase Price and in accordance with the terms of the Rights Agreement, a number of shares of the Company's common stock having a market value of twice the Purchase Price.

The Rights Agreement is intended to enable all of our shareholders to realize the full potential value of their investment in the Company and to protect the interests of the Company and its shareholders by reducing the likelihood that any person or group gains control of the Company through open market accumulation or other tactics without paying an appropriate control premium. The Rights Agreement could render more difficult, or discourage, a merger, tender offer, or assumption of control of the Company that is not approved by our Board of Directors. The Rights Agreement, however, is not intended to interfere with any merger, tender or exchange offer or other business combination approved by our Board of Directors. In addition, the Rights Agreement does not prevent our Board of Directors from considering any offer that it considers to be in the best interest of the Company's shareholders.

EXHIBIT 21

Subsidiaries of the Registrant

The following is a list of the significant subsidiaries of the Registrant as of August 2, 2019, all of which are wholly-owned:

Parent	State of Incorporation
Cracker Barrel Old Country Store, Inc.	Tennessee
Subsidiaries	
CBOCS Distribution, Inc. (dba Cracker Barrel Old Country Store)	Tennessee
CBOCS Properties, Inc. (dba Cracker Barrel Old Country Store)	Michigan
CBOCS West, Inc. (dba Cracker Barrel Old Country Store)	Nevada
Rocking Chair, Inc.	Nevada

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 33-37567, 33-45482, 333-63442, 333-71384, 333-81063, 333-111364 and 333-174744 on Form S-8 of our reports dated September 27, 2019 relating to the consolidated financial statements of Cracker Barrel Old Country Store, Inc., and the effectiveness of Cracker Barrel Old Country Store, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Cracker Barrel Old Country Store, Inc. for the year ended August 2, 2019.

/s/Deloitte & Touche LLP

Nashville, Tennessee
September 27, 2019

EXHIBIT 31.1 CERTIFICATION

I, Sandra B. Cochran, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cracker Barrel Old Country Store, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 27, 2019

/s/Sandra B. Cochran
Sandra B. Cochran, President and
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Jill M. Golder, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cracker Barrel Old Country Store, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: September 27, 2019

/s/Jill M. Golder
Jill M. Golder, Senior Vice President
and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cracker Barrel Old Country Store, Inc. (the “Issuer”) on Form 10-K for the fiscal year ended August 2, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sandra B. Cochran, President and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: September 27, 2019

By: /s/Sandra B. Cochran
Sandra B. Cochran
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-K for the fiscal year ended August 2, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jill M. Golder, Senior Vice President and Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: September 27, 2019

By: /s/Jill M. Golder
Jill M. Golder,
Senior Vice President and Chief Financial Officer