FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the Quarterly Period Ended January 31, 1997

Commission file number 0-7536

CRACKER BARREL OLD COUNTRY STORE, INC.

Incorporated in Tennessee   I.R.S. Employer Identification
No. 62-0812904

Hartmann Drive, P.O. Box 787
Lebanon, Tennessee 37087

615-444-5533

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

Yes X   No_

60,877,240 Shares of Common Stock
Issued and Outstanding

PART I

Item 1. Financial Statements

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

	January 31, 1997 (Unaudited)	August 2, 1996 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 47,961	$ 28,971
Short-term investments	866	4,735
Receivables	2,109	2,803
Inventories	62,131	61,470
Prepaid expenses	1,418	1,485
Deferred income taxes	6,972	6,972
Total current assets	121,457	106,436
Property and equipment,net	627,422	568,573
Long-term investments	564	565
Other assets	658	805
Total assets	$750,101	$676,379

LIABILITIES AND STOCKHOLDERS' EQUITY
Current liabilities:

Accounts payable	$ 29,506	$ 30,565
Accrued expenses	39,972	48,452
Current portion of long-term debt	3,500	4,000
Current portion of capital lease obligations	130	130
Total current liabilities	73,108	83,147
Long-term debt	62,000	15,500
Capital lease obligations	1,403	1,468
Deferred income taxes	10,043	10,043
Stockholders' equity:		
Common stock - $.50 par value, authorized 150,000,000 shares, issued and outstanding 60,848,556 at January 31, 1997 and 60,594,353 at August 2, 1996	30,424	30,297
Additional paid-in capital	205,919	202,951
Retained earnings	367,204	332,973
Total stockholders' equity	603,547	566,221
Total liabilities and stockholders' equity	$750,101	$676,379

See notes to condensed consolidated financial statements.

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

	Quarter Ended January 31, 1997	Quarter Ended January 26, 1996	Six Months Ended January 31, 1997	Six Months Ended January 26, 1996
Net sales:				
Restaurant	$194,737	$162,593	$397,265	$337,150
Retail	73,117	56,891	129,491	103,345
Total sales	267,854	219,484	526,756	440,495
Cost of goods sold	97,572	80,629	186,887	154,236
Gross profit on sales	170,282	138,855	339,869	286,259
Labor & related expenses	89,171	72,347	176,396	146,296
Other store operating expenses	41,065	34,096	79,034	67,427
General and administrative	14,752	12,682	29,106	26,244
Total expenses	144,988	119,125	284,536	239,967
Operating income	25,294	19,730	55,333	46,292
Interest expense	358	82	358	261
Interest income	523	569	887	1,273
Pretax income	25,459	20,217	55,862	47,304
Provision for income taxes	9,471	7,682	21,024	17,976
Net income	$ 15,988	$ 12,535	$ 34,838	$ 29,328
Earnings per share	$ .26	$ .21	$ .57	$ .48
Weighted average common shares and equivalents	61,256	60,630	61,182	60,626
Dividends per share	$ .005	$ .005	$ .010	$ .010

See notes to condensed consolidated financial statements.

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

	Six Months Ended January 31, 1997	Six Months Ended January 26, 1996
Cash flows from operating activities:		
Net income	$34,838	$29,328
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	18,802	16,098
Gain on disposition of property and equipment	(27)	(144)
(Increase) decrease in inventories	(661)	2,187
Decrease (increase) in other assets	147	(40)
Decrease in accounts payable	(1,059)	(11,893)
Decrease in other current assets and liabilities	(7,719)	(4,584)
Net cash provided by operating activities	44,321	30,952
Cash flows from investing activities:		
Purchase of investments	--	(1,937)
Proceeds from maturities of investments	3,870	2,680
Purchase of property and equipment	(78,859)	(61,672)
Proceeds from sale of property and equipment	1,235	837
Net cash used in investing activities	(73,754)	(60,092)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	50,000	--
Proceeds from exercise of stock options	3,095	2,419
Principal payments under long-term debt and capital lease obligations	(4,065)	(4,055)
Dividends on common stock	(607)	(602)
Net cash provided by (used in) financing activities	48,423	(2,238)
Net increase (decrease) in cash and cash equivalents	18,990	(31,378)
Cash and cash equivalents, beginning of year	28,971	48,124
Cash and cash equivalents, end of quarter	$47,961	$16,746
Supplemental disclosures of cash flow information:		
Cash paid during the six months for:		
Interest	$ 947	$ 1,139
Income taxes	23,345	23,915

See notes to condensed consolidated financial statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheet as of January 31, 1997 and the related condensed consolidated statements of income and cash flows for the quarters and six-month periods ended January 31, 1997 and January 26, 1996, have been prepared by the Company, without audit; in the opinion of management, all adjustments for a fair presentation of such condensed consolidated financial statements have been made.

These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Annual Report for the year ended August 2, 1996.

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

2. Income Taxes

The provision for income taxes for the quarter and six-month period ended January 31, 1997 has been computed based on management's estimate of the tax rate for the entire fiscal year of 37.3%. The variation between the statutory tax rate and the effective tax rate is due primarily to employer tax credits for FICA taxes paid on tip income. The Company's effective tax rates for the quarter and six-month period ended January 26, 1996 and for the entire fiscal year of 1996 was 38.0%.

3. Accounting Pronouncements Adopted

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

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

4. Seasonality

The sales and profits of the Company are affected significantly by seasonal travel and vacation patterns because of its interstate highway locations. Historically, the Company's greatest sales and profits have occurred during the period of June through August. Early December through the last part of February, excluding the Christmas holidays, has historically been the period of lowest sales and profits. Therefore, the results of operations for the quarter and six-month period ended January 31, 1997 cannot be considered indicative of the operating results for the full fiscal year.

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

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

Results of Operations

The following table highlights operating results for the quarter and six-month period ended January 31, 1997 as compared to the same periods a year ago:

	Quarter Ended		Six Months Ended	
	January 31, 1997	January 26, 1996	January 31, 1997	January 26, 1996
Net sales:				
Restaurant	72.7%	74.1%	75.4%	76.5%
Retail	27.3	25.9	24.6	23.5
Total net sales	100.0	100.0	100.0	100.0
Cost of goods sold	36.5	36.7	35.5	35.0
Gross profit	63.5	63.3	64.5	65.0
Labor & related expenses	33.3	33.0	33.5	33.2
Other store operating expenses	15.3	15.5	15.0	15.3
General and administrative	5.5	5.8	5.5	6.0
Total expenses	54.1	54.3	54.0	54.5
Operating income	9.4	9.0	10.5	10.5
Interest expense	0.1	0.0	0.1	0.1
Interest income	0.2	0.2	0.2	0.3
Pretax income	9.5	9.2	10.6	10.7
Provision for income taxes	3.5	3.5	4.0	4.0
Net income	6.0%	5.7%	6.6%	6.7%

Same Store Sales Analysis
214 Store Average

	Quarter Ended January 31, 1997	Quarter Ended January 26, 1996	Six Months Ended January 31, 1997	Six Months Ended January 26, 1996
Restaurant	$722.6	$698.1	$1,511.0	$1,476.2
Retail	268.0	244.0	486.5	451.9
Restaurant & retail	$990.6	$942.1	$1,997.5	$1,928.1

Same Store Sales Analysis
214 Store Average

	Comparable 13-Weeks Ended January 31, 1997	Comparable 13-Weeks Ended February 2, 1996	Comparable 26-Weeks Ended January 31, 1997	Comparable 26-Weeks Ended February 2, 1996
Restaurant	$722.6	$688.5	$1,511.0	$1,455.1
Retail	268.0	236.7	486.5	444.0
Restaurant & retail	$990.6	$925.2	$1,997.5	$1,899.1

Sales

Net sales for the second quarter of fiscal 1997 increased 22% compared to last year's second quarter. For the comparable 13-week period ended January 31, 1997, same store restaurant sales increased 5.0% and same store retail sales increased 13.2%, for a total same store sales (restaurant and retail) increase of 7.1%. Same store sales benefited from more normal weather conditions in the current year compared to the extreme winter weather conditions in the second quarter of fiscal 1996. Same store retail sales also benefited from the reintroduction of the Christmas browsing book which was not published for the Christmas season of fiscal 1996. Sales from new stores, partially offset by the effect of a one-week shift in comparable 13-week periods, accounted for the balance of the second quarter net sales increase. The second quarter of fiscal 1997 was the 13 weeks beginning November 2, 1996, and ending January 31, 1997. Last fiscal year the second quarter was the 13 weeks beginning October 28, 1995, and ending January 26, 1996. The two fiscal quarters do not cover the comparable 13-week periods because fiscal 1996 was a 53-week year.

Net sales for the six-month period ended January 31, 1997, increased 20% compared to the six-month period ended January 26, 1996. For the comparable 26-weeks ended January 31, 1997, same store restaurant sales increased 3.8% and same store retail sales increased 9.6%, for a total same store sales (restaurant and retail) increase of 5.2%. Sales from new stores partially offset by the effect of a one-week shift in comparable 26-week periods accounted for the balance of the six-month period net sales increase. The six-month period for fiscal 1997 was the 26 weeks beginning August 3, 1996 and ending January 31, 1997. The six-month period for fiscal 1996 was the 26 weeks beginning July 29, 1995 and ending January 26, 1996.

Cost of Goods Sold

Cost of goods sold as a percentage of net sales for the second quarter of fiscal 1997 decreased to 36.4% from 36.7% in the second quarter of last year. This decrease was primarily due to a significant reduction in the post-Christmas markdowns of retail merchandise, partially offset by an increasing mix of retail sales which have a higher cost of goods than restaurant sales.

Cost of goods sold as a percentage of net sales for the six-month period ended January 31, 1997 increased to 35.5% from 35.0% for the six-month period ended January 26, 1996. This increase was primarily due to substantial increases in dairy and hog complex prices and due to an increasing mix of retail sales which have a higher cost of goods than restaurant sales. These increases were partially offset by a significant reduction in post-Christmas markdowns of retail merchandise.

Labor and Related Expenses

Labor and related expenses include all direct and indirect labor and related costs incurred in store operations. Labor and related expenses as a percentage of net sales increased to 33.3% in the second quarter this year from 33.0% last year primarily resulting from the introduction of a new store-level bonus program. Additionally, labor and related expenses increased due to the incremental labor expenses resulting from opening sixteen new stores during the second quarter of fiscal 1997 compared to nine new stores opened in the second quarter last year. Such increases were partially offset by the net effect of reduced hourly labor costs resulting from enhanced operational productivity and sales increases, partially offset by wage inflation of approximately 2.5%.

Labor and related expenses as a percentage of net sales increased to 33.5% in the six-month period ended January 31, 1997 from 33.2% in the six-month period ended January 26, 1996. The increase primarily resulted from the introduction of a new store-level bonus program at the beginning of fiscal 1997.

Other Store Operating Expenses

Other store operating expenses include all unit-level operating costs, the major components of which are operating supplies, repairs and maintenance, advertising expenses, utilities and depreciation and amortization. Other store operating expenses as a percentage of net sales decreased to 15.3% in the second quarter of fiscal 1997 from 15.5% in the second quarter of last year. The primary reasons for the decrease were a decrease in operating supplies expense resulting from the return to paper napkins from linen napkins in the stores and the one-time charge of $500 for the closure of one store in Memphis, TN in the second quarter of fiscal 1996. These decreases were partially offset by the incremental operating expenses which resulted from opening sixteen new stores in the second quarter of fiscal 1997 as compared to only nine in the second quarter of last year.

Other store operating expenses as a percentage of net sales decreased to 15.0% in the six-month period ended January 31, 1997 from 15.3% in the six-month period ended January 26, 1996. The primary reason for the decrease was a decrease in operating supplies expense resulting from the return to paper napkins from linen napkins in the stores.

General and Administrative Expenses

General and administrative expenses as a percentage of net sales decreased to 5.5% in the second quarter of fiscal 1997 from 5.8% in the second quarter of last year. The primary reason for the decrease was increased sales volume as compared to the second quarter of last year.

General and administrative expenses as a percentage of net sales decreased to 5.5% in the six-month period ended January 31, 1997 from 6.0% in the six-month period ended January 26, 1996. The primary reason for the decrease was increased sales volume as compared to the same six-month period last year.

Interest Expense

Interest expense increased to $358 in the second quarter of fiscal 1997 from $82 in the second quarter of last year. The increase resulted from the Company drawing on its $50,000 term loan on December 2, 1996, partially offset by increased capitalized interest during the quarter as a result of the increase in the number of new stores under construction as compared to last year.

Interest expense increased to $358 in the six-month period ended January 31, 1997 from $261 in the six-month period ended January 26, 1996. The increase resulted from the Company drawing on the $50,000 term loan on December 2, 1996, partially offset by increased capitalized interest during the six-month period resulting from the increase in the number of new stores under construction as compared to last year.

Interest Income

Interest income decreased to $523 in the second quarter of fiscal 1997 from $569 in the second quarter of last year. The decrease was primarily due to lower average funds available for investment.

Interest income decreased to $887 in the six-month period ended Janaury 31, 1997 from $1,273 in the six-month period ended January 26, 1996. The decrease was primarily due to lower average funds available for investment.

Liquidity and Capital Resources

The Company's operating activities provided net cash of $44,321 for the six-month period ended January 31, 1997. The cash provided by net income adjusted by depreciation and amortization was partially offset by increases in inventories and decreases in accounts payable and other current assets and liabilities.

Capital expenditures were $78,859 for the six-month period ended January 31, 1997. Land purchases and the construction of new stores accounted for substantially all of these expenditures. Capitalized interest was $715 and $1,354 for the quarter and six-month period ended January 31, 1997, respectively, as compared to $527 and $978 for the quarter and six-month period ended January 26, 1996, respectively.

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

The Company estimates that its capital expenditures for fiscal 1997 will be approximately $180,000, substantially all of which will be land purchases and the construction of new stores. On December 2, 1996 the Company received the proceeds from a $50,000 5-year term loan bearing interest at a three-month LIBOR-based rate ("London Interbank Offered Rate"). Concurrently, the Company entered into a swap agreement with a bank to fix the interest rate at 6.36% for the life of the term loan. This $50,000 term loan is part of a $125,000 bank credit facility that also includes a $75,000 revolver. Management believes that cash, short-term and long-term investments at January 31, 1997, along with cash generated from the Company's operating activities, will be sufficient to finance its continued expansion plans into fiscal 1998. Further, the Company's available $75,000 revolver should be sufficient to provide the Company with the financial flexibility for its continued expansion plans through fiscal 1999.

INDEPENDENT ACCOUNTANTS' REPORT

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

We have reviewed the accompanying condensed consolidated balance sheet of Cracker Barrel Old Country Store, Inc. as of January 31, 1997, and the related condensed consolidated statements of income and cash flows for the quarters and six-month periods ended January 31, 1997 and January 26, 1996. These financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet of Cracker Barrel Old Country Store, Inc. as of August 2, 1996, and the related statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated September 11, 1996, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of August 2, 1996 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

DELOITTE & TOUCHE LLP

Nashville, Tennessee
March 13, 1997

PART II

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

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

A. The annual meeting of shareholders was held November 26, 1996.

B. Election of Directors: Previously reported.

C. Other Matters: Previously reported.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

Letter regarding unaudited financial information.

SIGNATURES

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

CRACKER BARREL OLD COUNTRY STORE, INC.

Date: 3/13/97 By /s/Michael A. Woodhouse
Michael A. Woodhouse, Chief Financial Officer

Date: 3/13/97 By /s/Patrick A. Scruggs
Patrick A. Scruggs, Assistant Treasurer

March 13, 1997

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

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Cracker Barrel Old Country Store, Inc. for the quarters and six-month periods ended January 31, 1997 and January 26, 1996, as indicated in our report dated March 13, 1997; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended January 31, 1997, is incorporated by reference in Registration Statement Nos. 2-86602, 33-15775, 33-37567, 33-45482 and 333-01465 on Forms S-8 and Registration Statement No. 33-59582 on Form S-3.

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

DELOITTE & TOUCHE LLP

Nashville, Tennessee

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This schedule contains summary financial information extracted from the financial statement of Cracker Barrel for the 6 months ended January 31, 1997, and is qualified in its entirety by reference to such financial statements

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6-MOS
AUG-1-1997
AUG-3-1996
JAN-31-1997
47961
866
2109
0
62131
121457
769340
141918
750101
73108
62000
0
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30424
573123
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526756
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