

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 25, 2016

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: 001-35249

THE CHEFS' WAREHOUSE, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-3031526  
(I.R.S. Employer  
Identification No.)

100 East Ridge Road  
Ridgefield, Connecticut  
(Address of principal executive offices)

06877  
(Zip Code)

Registrant's telephone number, including area code: (203) 894-1345

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

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

Number of shares of common stock, par value \$.01 per share, outstanding at April 29, 2016: 26,215,412

THE CHEFS' WAREHOUSE, INC.

FORM 10-Q

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## CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Statements in this report regarding the business of The Chefs' Warehouse, Inc. (the "Company") that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties and are based on current expectations and management estimates; actual results may differ materially. Words such as anticipates, expects, intends, plans, believes, seeks, estimates and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and/or could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The risks and uncertainties which could impact these statements include, but are not limited to, the Company's ability to successfully deploy its operational initiatives to achieve synergies from the acquisition of Del Monte Capitol Meat Co. and certain related entities; the Company's and its customers current economic environment, changes in disposable income levels and consumer discretionary spending on food-away-from-home purchases; the Company's sensitivity to general economic conditions, including vulnerability to economic and other developments in the geographic markets in which it operates; the risks of supply chain interruptions due to lack of long-term contracts, severe weather or more prolonged climate change, work stoppages or otherwise; the risk of loss of customers due to the fact the Company does not customarily have long-term contracts with its customers; the risks of loss of revenue or reductions in operating margins in the Company's protein business as a result of competitive pressures within this reporting unit of the Company's business; changes in the availability or cost of the Company's specialty food products; the ability to effectively price the Company's specialty food products and reduce the Company's expenses; the relatively low margins of the foodservice distribution industry and the Company's sensitivity to inflationary and deflationary pressures; the Company's ability to successfully identify, obtain financing for and complete acquisitions of other foodservice distributors and to integrate and realize expected synergies from those acquisitions; the Company's ability to begin servicing customers from its new Chicago, San Francisco and Las Vegas distribution centers and the expenses associated therewith; increased fuel cost volatility and expectations regarding the use of fuel surcharges; fluctuations in the wholesale prices of beef, poultry and seafood, including increases in these prices as a result of increases in the cost of feeding and caring for livestock; the loss of key members of the Company's management team and the Company's ability to replace such personnel; the strain on the Company's infrastructure and resources caused by its growth; and other risks and uncertainties included under the heading Risk Factors in our Annual Report on Form 10-K filed on March 4, 2016 with the Securities and Exchange Commission (the "SEC").

## PART I FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**THE CHEFS' WAREHOUSE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share data)

	March 25, 2016 (unaudited)	December 25, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,745	\$ 2,454
Accounts receivable, net of allowance of \$5,875 in 2016 and \$5,803 in 2015	113,333	124,139
Inventories, net	91,266	92,758
Deferred taxes, net	5,022	5,256
Prepaid expenses and other current assets	8,791	9,164
Total current assets	<u>221,157</u>	<u>233,771</u>
Equipment and leasehold improvements, net	56,023	54,283
Software costs, net	4,725	4,511
Goodwill	155,848	155,816
Intangible assets, net	129,500	132,211
Other assets	3,286	3,089
Total assets	<u>\$ 570,539</u>	<u>\$ 583,681</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 57,920	\$ 64,888
Accrued liabilities	23,554	24,258
Accrued compensation	5,807	7,732
Current portion of long-term debt	4,701	6,030
Total current liabilities	<u>91,982</u>	<u>102,908</u>
Long-term debt, net of current portion	262,615	266,207
Deferred taxes, net	9,954	9,316
Other liabilities and deferred credits	16,183	17,286
Total liabilities	<u>380,734</u>	<u>395,717</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, \$0.01 par value, 5,000,000 shares authorized, no shares issued and outstanding March 25, 2016 and December 25, 2015	—	—
Common Stock, \$0.01 par value, 100,000,000 shares authorized, 26,220,426 and 26,290,675 shares issued and outstanding March 25, 2016 and December 25, 2015, respectively	263	263
Additional paid in capital	125,433	125,170
Cumulative foreign currency translation adjustment	(2,364)	(2,949)
Retained earnings	66,473	65,480
Stockholders' equity	<u>189,805</u>	<u>187,964</u>
Total liabilities and stockholders' equity	<u>\$ 570,539</u>	<u>\$ 583,681</u>

See accompanying notes to condensed consolidated financial statements.

**THE CHEFS' WAREHOUSE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**(Unaudited)**  
**(Amounts in thousands, except share and per share amounts)**

	<b>Thirteen Week Period Ended</b>	
	<b>March 25, 2016</b>	<b>March 27, 2015</b>
Net sales	\$ 262,401	\$ 197,891
Cost of sales	196,443	148,135
Gross profit	65,958	49,756
Operating expenses	60,598	46,616
Operating income	5,360	3,140
Interest expense	3,656	1,836
Loss (gain) on asset disposal	3	(349)
Income before income taxes	1,701	1,653
Provision for income tax expense	708	686
Net income	<u>\$ 993</u>	<u>\$ 967</u>
Other comprehensive loss:		
Foreign currency translation adjustments	585	(161)
Comprehensive income	<u>\$ 1,578</u>	<u>\$ 806</u>
Net income per share:		
Basic	\$ 0.04	\$ 0.04
Diluted	\$ 0.04	\$ 0.04
Weighted average common shares outstanding:		
Basic	25,884,051	24,666,557
Diluted	25,917,350	24,722,275

See accompanying notes to condensed consolidated financial statements.

**THE CHEFS' WAREHOUSE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Amounts in thousands)

	<b>Thirteen Week Period Ended</b>	
	<b>March 25, 2016</b>	<b>March 27, 2015</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 993	\$ 967
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,206	887
Amortization	2,783	1,345
Provision for allowance for doubtful accounts	1,034	662
Deferred rent	869	(15)
Deferred taxes	1,159	(722)
Amortization of deferred financing fees	358	284
Stock compensation	560	324
Change in fair value of contingent earn-out liability	(345)	40
Loss (gain) on sale of assets	3	(349)
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	9,855	3,272
Inventories	1,626	4,249
Prepaid expenses and other current assets	377	2,268
Accounts payable, accrued liabilities and accrued compensation	(10,773)	(5,762)
Other liabilities	(271)	(156)
Other assets	(519)	(87)
<b>Net cash provided by operating activities</b>	<b>8,915</b>	<b>7,207</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(3,161)	(9,053)
Proceeds from asset disposals	—	1,516
<b>Net cash used in investing activities</b>	<b>(3,161)</b>	<b>(7,537)</b>
<b>Cash flows from financing activities:</b>		
Payment of debt	(1,897)	(1,884)
Surrender of shares to pay withholding taxes	(297)	(222)
Cash paid for contingent earn-out liability	—	(1,420)
Borrowings under revolving credit facility	12,800	24,300
Payments under revolving credit facility	(16,182)	(21,700)
<b>Net cash used in financing activities</b>	<b>(5,576)</b>	<b>(926)</b>
Effect of foreign currency on cash and cash equivalents	113	(112)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>291</b>	<b>(1,368)</b>
Cash and cash equivalents-beginning of period	2,454	3,328
<b>Cash and cash equivalents-end of period</b>	<b>\$ 2,745</b>	<b>\$ 1,960</b>
Supplemental cash flow disclosures:		
Cash paid for income taxes	\$ 1,934	\$ 624
Cash paid for interest	\$ 3,087	\$ 2,052

See accompanying notes to condensed consolidated financial statements.

**THE CHEFS' WAREHOUSE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS, EXCEPT SHARE AMOUNTS AND PER SHARE DATA)**  
(Information as of March 25, 2016 and for the thirteen weeks ended  
March 25, 2016 and March 27, 2015 is unaudited)

**Note 1 Operations and Basis of Presentation**

***Description of Business and Basis of Presentation***

The financial statements include the consolidated accounts of The Chefs' Warehouse, Inc. (the "Company"), and its wholly-owned subsidiaries. The Company's quarterly periods end on the thirteenth Friday of each quarter. Every six to seven years the Company will add a fourteenth week to its fourth quarter to more closely align its year end to the calendar year. Fiscal 2016 will include a fourteenth week in the fourth quarter. The Company operates in one reportable segment, food product distribution, which is concentrated on the East and West Coasts of the United States. The Company's customer base consists primarily of menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools, bakeries, patisseries, chocolatiers, cruise lines, casinos and specialty food stores.

***Consolidation***

The consolidated financial statements include all the accounts of the Company and its direct and indirect wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

***Unaudited Interim Financial Statements***

The accompanying unaudited condensed consolidated financial statements and the related interim information contained within the notes to such unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the applicable rules of the Securities and Exchange Commission ("SEC") for interim information and quarterly reports on Form 10-Q. Accordingly, they do not include all the information and disclosures required by GAAP for complete financial statements. These unaudited condensed consolidated financial statements and related notes should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the fiscal year ended December 25, 2015 filed as part of the Company's Annual Report on Form 10-K, as filed with the SEC on March 4, 2016.

The unaudited condensed consolidated financial statements appearing in this Form 10-Q have been prepared on the same basis as the audited consolidated financial statements included in the Company's Annual Report on Form 10-K, as filed with the SEC on March 4, 2016, and in the opinion of management include all normal recurring adjustments that are necessary for the fair statement of the Company's interim period results. The year-end condensed consolidated balance sheet data was derived from the audited financial statements but does not include all disclosures required by GAAP. Due to seasonal fluctuations and other factors, the results of operations for the thirteen weeks ended March 25, 2016 are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with GAAP requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's estimates.

***Reclassification***

Changes have been made to the prior period presentation in the condensed consolidated statements of operations and comprehensive income to conform to the current period presentation. Amounts previously included in operating expenses are now included in net sales and cost of sales.

***New Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance to clarify the principles for recognizing revenue. This guidance includes the required steps to achieve the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On August 12, 2015, the FASB voted to defer the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date. Early adoption of ASU 2014-09 is permitted but not before the original effective date (annual periods beginning after December 15, 2016). We expect to adopt this guidance when effective and adoption is not expected to have a material impact on our financial statements.

In July 2015, the FASB issued guidance to simplify the subsequent measurement of inventory. This guidance provides that inventory should be measured at lower of cost or net realizable value. This guidance is effective for fiscal years beginning after December 15, 2016 and interim periods within fiscal years beginning after December 15, 2017 and is required to be applied on a prospective basis. Early adoption is permitted at the beginning of an interim or annual reporting period. We expect to adopt this guidance when effective and are still evaluating the impact this standard will have on our financial statements.

In November 2015, the FASB issued guidance to simplify the presentation of deferred income tax assets and liabilities. Current GAAP requires an entity to separate deferred income tax assets and liabilities into current and non-current classifications. This guidance requires that all deferred tax liabilities be classified as non-current. This guidance is effective for fiscal years beginning after December 15, 2016 and may be applied on a prospective or retrospective basis. Early adoption is permitted as of the beginning of an interim or annual reporting period. We expect to adopt this guidance when effective and adoption is not expected to have a material effect on our financial statements.

In February 2016, the FASB issued guidance to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Current GAAP does not require lessees to recognize assets and liabilities arising from operating leases on the balance sheet. This guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. We expect to adopt this guidance when effective and are evaluating the impact this standard will have on our financial statements.

In March 2016, the FASB issued guidance to simplify the accounting for stock compensation. This guidance requires that all excess tax benefits and deficiencies be recognized as income tax expense in the period in which they occur and that they be reflected as an operating activity in the statement of cash flows. Current GAAP has excess tax benefits recognized as additional paid in capital and as a financing activity in the statement of cash flows. In addition, the guidance gives companies the option of estimating the number of awards that will ultimately vest or accounting for forfeitures as they occur. This guidance is effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. We expect to adopt this guidance when effective and are evaluating the impact this standard will have on our financial statements.

### Guidance Adopted in 2016

*Simplifying the Presentation of Debt Issuance Costs.* In April 2015, the FASB issued guidance on the presentation of debt issuance costs. This guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. We adopted this guidance retrospectively during the first quarter of 2016. As a result of adopting this guidance, total assets and total liabilities as of December 25, 2015 decreased as discussed below.

	Other Assets	Total assets	Current portion of long- term debt	Total current liabilities	Long- term debt	Total liabilities	Total liabilities and stockholders' equity
Previously reported	\$ 5,626	\$586,218	\$ 6,266	\$103,144	\$268,508	\$398,254	\$ 586,218
<i>Simplifying the Presentation of Debt Issuance Costs</i>	(2,537)	(2,537)	(236)	(236)	(2,301)	(2,537)	(2,537)
<b>Current presentation</b>	<b>\$ 3,089</b>	<b>\$583,681</b>	<b>\$ 6,030</b>	<b>\$102,908</b>	<b>\$266,207</b>	<b>\$395,717</b>	<b>\$ 583,681</b>

### Note 2 Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Thirteen Weeks Ended	
	March 25, 2016	March 27, 2015
Net income per share:		
Basic	\$ 0.04	\$ 0.04
Diluted	\$ 0.04	\$ 0.04
Weighted average common shares:		
Basic	25,884,051	24,666,557
Diluted	25,917,350	24,722,275

Reconciliation of net income per common share:



	Thirteen Weeks Ended	
	March 25, 2016	March 27, 2015
<b>Numerator:</b>		
Net income	\$ 993	\$ 967
<b>Denominator:</b>		
Weighted average basic common shares outstanding	25,884,051	24,666,557
Dilutive effect of unvested common shares	33,299	55,718
Weighted average diluted common shares outstanding	<u>25,917,350</u>	<u>24,722,275</u>

We had unvested common shares of 156,240 and notes convertible into 1,237,374 shares that were anti-dilutive at March 25, 2016. There were no unvested common shares that were anti-dilutive at March 27, 2015.

### Note 3 Fair Value Measurements; Fair Value of Financial Instruments

We account for certain assets and liabilities at fair value. We categorize each of our fair value measurements in one of the following three levels based on the lowest level input that is significant to the fair value measurement in its entirety:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities include the following:

- a) quoted prices for similar assets in active markets;
- b) quoted prices for identical or similar assets in inactive markets;
- c) inputs other than quoted prices that are observable for the asset; and
- d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 - Inputs to the valuation methodology are unobservable (i.e., supported by little or no market activity) and significant to the fair value measure.

#### Assets and Liabilities Measured at Fair Value

As of March 25, 2016, the Company's only assets or liabilities measured at fair value were the contingent earn-out liabilities for the Allen Brothers and Del Monte acquisitions. These liabilities were estimated using Level 3 inputs and had fair values of \$4,344 and \$13,447 at March 25, 2016, respectively. These liabilities are reflected as accrued liabilities and other liabilities and deferred credits on the balance sheet. The fair value of contingent consideration was determined based on a probability-based approach which includes projected results, percentage probability of occurrence and the application of a discount rate to present value the payments. A significant change in projected results, discount rate, or probabilities of occurrence could result in a significantly higher or lower fair value measurement.

The following table presents the changes in Level 3 contingent consideration liability:

	Del Monte	Allen Brothers	Total
Balance December 25, 2015	\$ 13,792	\$ 4,344	\$ 18,136
Changes in fair value	(345)	—	(345)
Balance March 25, 2016	<u>\$ 13,447</u>	<u>\$ 4,344</u>	<u>\$ 17,791</u>

#### Fair Value of Financial Instruments

The carrying amounts reported in the Company's consolidated balance sheets for accounts receivable and accounts payable approximate fair value, due to the immediate to short-term maturity of these financial instruments. The fair values of the current and former revolving credit facilities and term loans approximated their book values as of March 25, 2016 and December 25, 2015, as these instruments had variable interest rates that reflected current market rates available to the Company. The carrying amount of the Company's senior secured notes at March 25, 2016 and December 25, 2015 approximates fair value, as the interest rate obtained by the Company approximates the prevailing interest rates available to the Company for similar instruments. The fair value of these debt instruments were estimated using Level 3 inputs.

The following table presents the carrying value and fair value of the Company's convertible subordinated notes. In estimating the fair value of these convertible secured notes, the Company utilized Level 3 inputs including, prevailing market interest rates to estimate the debt portion of the instrument and a Black Scholes valuation model to estimate the fair value of the conversion option. The Black Scholes model utilizes the market price of the Company's common stock, estimates of the stock's volatility and the prevailing risk free interest rate in calculating the fair value estimate.

	March 25, 2016		December 25, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Convertible Secured Notes	\$ 36,750	\$ 35,916	\$ 36,750	\$ 34,300

#### Note 4 Acquisitions

The Company accounts for acquisitions in accordance with ASC 805 Business Combinations. Assets acquired and liabilities assumed are recorded in the accompanying consolidated balance sheet at their estimated fair values as of the acquisition date. Results of operations are included in the Company's financial statements from the date of acquisition. For the acquisition noted below, the Company used the income approach to determine the fair value of the customer relationships, the relief from royalty method to determine the fair value of trademarks and the comparison of economic income using the with/without approach to determine the fair value of non-compete agreements. The Company used Level 3 inputs to determine the fair value of all these intangible assets.

On April 6, 2015, the Company acquired substantially all the equity interests of Del Monte Capitol Meat Co. and substantially all the assets of certain of its affiliated companies (collectively "Del Monte"). Del Monte supplies high quality USDA inspected beef, pork, lamb, veal, poultry and seafood products to Northern California. The aggregate purchase price paid by the Company at closing was approximately \$185,332, including the impact of an initial net working capital adjustment which is subject to a post-closing working capital adjustment true up. Approximately \$123,893 was paid in cash through cash-on-hand, the proceeds from the issuance of additional senior secured notes and additional borrowings under the revolving portion of the Amended and Restated Credit Agreement (as defined below). The remaining approximately \$61,439 consisted of (i) approximately 1.1 million shares of the Company's common stock totaling approximately \$24,689 and (ii) \$36,750 in aggregate principal amounts of convertible subordinated notes with a six-year maturity bearing interest at 2.5% with a conversion price of \$29.70 per share issued to certain of the Del Monte entities. The Company will also pay additional contingent consideration, if earned, in the form of an earn-out amount which could total approximately \$24,500 to certain of the Del Monte entities; the payment of the earn-out liability is subject to certain conditions, including the successful achievement of Adjusted EBITDA targets for the Del Monte entities and improvements in certain operating metrics for the Company's existing protein business and the business of any protein companies subsequently acquired by the Company over the six years following the closing of the Del Monte acquisition. At April 6, 2015, the Company estimated the fair value of this contingent earn-out liability to be \$13,139. This contingent liability is adjusted to fair value on a quarterly basis and is estimated to be \$13,447 at March 25, 2016. The Company expensed \$1,546 of professional fees and \$3,000 of transaction bonuses in operating expenses related to the Del Monte acquisition during the fiscal year ended December 25, 2015. The Company is in the process of finalizing a valuation of the tangible and intangible assets of Del Monte as of the acquisition date. These assets are being valued at fair value using Level 3 inputs. Customer lists are being amortized over 15 years and trademarks are being amortized over 20 years. Goodwill for the Del Monte acquisition will be amortized over 15 years for tax purposes. For the thirteen weeks ended March 25, 2016, the Company reflected net sales and income before taxes and amortization of intangibles of \$52,130 and \$4,840, respectively, for Del Monte in its condensed consolidated statement of operations.

	Del Monte
Current assets (includes cash acquired)	\$ 31,872
Customer Relationships	62,246
Trademarks	29,261
Goodwill	77,505
Fixed assets	5,652
Other assets	137
Earn-out liability	(13,139)
Deferred tax liability	(361)
Convertible subordinated notes	(36,750)
Issuance of common shares	(24,689)
Current liabilities	(7,841)
Cash purchase price	<u>\$ 123,893</u>

#### Note 5 Inventory

Inventory consists of finished product. Our different entities record inventory using a mixture of first-in, first-out and average cost, which we believe approximates first-in, first-out. Inventory is reflected net of reserves for shrinkage and obsolescence totaling \$1,621 and \$1,956 at March 25, 2016 and December 25, 2015, respectively.

#### Note 6 Equipment and Leasehold Improvements

Equipment and leasehold improvements consisted of the following:

	Useful Lives	As of	
		March 25, 2016	December 25, 2015
Land	Indefinite	\$ 1,571	\$ 1,571
Buildings	20 years	2,802	2,740
Machinery and equipment	5-10 years	12,292	10,739
Computers, data processing and other equipment	3-7 years	8,165	7,598
Leasehold improvements	7-22 years	42,781	41,653
Furniture and fixtures	7 years	1,826	1,488
Vehicles	5-7 years	2,072	2,077
Other	7 years	95	95
Construction-in-process		7,826	8,884
		79,430	76,845
Less: accumulated depreciation and amortization		(23,407)	(22,562)
Equipment and leasehold improvements, net		<u>\$ 56,023</u>	<u>\$ 54,283</u>

Construction-in-process at March 25, 2016 related primarily to the implementation of its Enterprise Resource Planning (“ERP”) system. The rollout of our ERP system will continue throughout fiscal 2016 and 2017. Construction-in process at December 25, 2015 related primarily to the build out of the Company’s new distribution facility in San Francisco, CA and the implementation of its ERP system.

At March 25, 2016 and December 25, 2015, the Company had \$506 of equipment and vehicles financed by capital leases. The Company recorded depreciation on equipment under capital leases of \$24 and \$24 on these assets during the thirteen weeks ended March 25, 2016 and March 27, 2015, respectively.

Depreciation expense on equipment and leasehold improvements was \$844 and \$606 for the thirteen weeks ended March 25, 2016 and March 27, 2015, respectively.

Capitalized software is recorded net of accumulated amortization of \$4,089 and \$3,751 at March 25, 2016 and December 25, 2015, respectively. Depreciation expense on software was \$338 and \$257 for the thirteen weeks ended March 25, 2016 and March 27, 2015, respectively.

During the thirteen weeks ended March 25, 2016 and March 27, 2015, the Company incurred interest expense of \$3,656 and \$1,836, respectively. The Company capitalized interest expense of \$0 and \$486, respectively, during the same periods. Capitalized interest was related to the build outs of the new distribution facilities in Bronx, NY and Las Vegas, NV.

## Note 7 Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill are presented as follows:

Carrying amount as of December 25, 2015	\$	155,816
Foreign currency translation		32
Carrying amount as of March 25, 2016	\$	<u>155,848</u>

Other intangible assets consist of customer relationships being amortized over a period ranging from four to twenty years, trademarks being amortized over a period of one to forty years, and non-compete agreements being amortized over a period of two to six years. Other intangible assets consisted of the following at March 25, 2016 and December 25, 2015:

	Gross Carrying Amount	Accumulated Amortization	Net Amount
<b>March 25, 2016:</b>			
Customer relationships	\$ 94,145	(14,506)	\$ 79,639
Non-compete agreements	7,166	(4,556)	2,610
Trademarks	52,584	(5,333)	47,251
Total	<u>\$ 153,895</u>	<u>(24,395)</u>	<u>\$ 129,500</u>
<b>December 25, 2015:</b>			
Customer relationships	\$ 94,097	(12,755)	\$ 81,342
Non-compete agreements	7,166	(4,213)	2,953
Trademarks	52,549	(4,633)	47,916
Total	<u>\$ 153,812</u>	<u>(21,601)</u>	<u>\$ 132,211</u>

Amortization expense for other intangibles was \$2,783 and \$1,345 for the thirteen weeks ended March 25, 2016 and March 27, 2015, respectively.

Estimated amortization expense for other intangibles for the fiscal year ending December 30, 2016 and each of the next four fiscal years and thereafter is as follows:

2016	\$	10,791
2017		10,756
2018		9,617
2019		9,340
2020		9,067
Thereafter		82,640
Total	\$	<u>132,211</u>

## Note 8 Debt Obligations

Debt obligations as of March 25, 2016 and December 25, 2015 consisted of the following:

	March 25, 2016	December 25, 2015
Senior secured notes	\$ 125,000	\$ 125,000
Revolving credit facility	90,000	93,382
Term loan	3,181	4,681
New Markets Tax Credit loan	11,000	11,000
Convertible subordinated notes	36,750	36,750
Capital leases and financed software	3,564	3,961
Deferred finance fees	(2,179)	(2,537)
Total debt obligations	<u>267,316</u>	<u>272,237</u>
Less: current installments	(4,701)	(6,030)
Total debt obligations excluding current installments	<u>\$ 262,615</u>	<u>\$ 266,207</u>

As of March 25, 2016, the Company was in compliance with all debt covenants and the Company had reserved \$6,495 of the revolving credit facility portion of the Amended and Restated Credit Agreement for the issuance of letters of credit. As of March 25, 2016, funds totaling \$43,505 were available for borrowing under the revolving credit facility portion of the Amended and Restated Credit Agreement.

## Note 9 Stockholders Equity

During the thirteen weeks ended March 25, 2016, the Company granted 120,325 restricted stock awards (“RSAs”) to its employees at a weighted average grant date fair value of \$20.23 each. These awards are a mix of time and performance based grants which will vest over periods of two to four years. During the thirteen weeks ended March 25, 2016, the Company recognized expense totaling \$53 on these RSAs and \$451 of expense for RSAs issued in prior years.

During the thirteen weeks ended March 25, 2016, the Company granted 259,577 non-qualified stock options with market condition provisions to its employees at a weighted average grant date fair value of \$7.82 each. These awards vest over a period of three years and require the Company’s stock to trade at or above \$30 per share for 20 consecutive days within four years of issuance to meet the market condition threshold. During the thirteen weeks ended March 25, 2016, the Company recognized expense totaling \$56 on these options.

At March 25, 2016, the Company had 322,262 unvested RSAs outstanding. At March 25, 2016, the total unrecognized compensation cost for these unvested RSAs was \$5,444, and the weighted-average remaining useful life was approximately 21 months. Of this total, \$3,981 related to RSAs with time-based vesting provisions and \$1,463 related to RSAs with performance-based vesting provisions. At March 25, 2016, the weighted-average remaining useful lives for time-based vesting RSAs and performance-based vesting RSAs were approximately 19 months and 26 months, respectively. No compensation expense related to the Company’s RSAs has been capitalized.

As of March 25, 2016, there were 656,150 shares available for grant under the Company’s 2011 Omnibus Equity Incentive Plan.

## Note 10 Related Parties

The Company leases two warehouse facilities from related parties. These facilities are 100% owned by entities controlled by certain of the Company’s current and former directors and officers and current stockholders and are deemed to be affiliates of those individuals. Expenses related to these facilities totaled \$216 and \$412, respectively, during the thirteen weeks ended March 25, 2016 and March 27, 2015. One of the facilities is a distribution facility leased by Chefs’ Warehouse Mid-Atlantic, LLC for which the Company recently extended the lease expiration date to September 30, 2019. The other facility is a distribution facility which one of the Company’s subsidiaries, Dairyland, sublet from TCW Leasing Co., LLC (“Leasing”), an entity controlled by the Company’s founders.

Each of Christopher Pappas, CEO, John Pappas, Vice Chairman and Dean Facatselis (the brother-in-law of Messrs. Pappas) owns 8.33% of a New York City-based restaurant customer of the Company and its subsidiaries that purchased approximately \$26 and \$27, respectively, of products from the Company during the thirteen weeks ended March 25, 2016 and March 27, 2015. Messrs. Pappas and Facatselis have no other interest in the restaurant other than these equity interests and are not involved in the day-to-day operation or management of this restaurant.

An entity owned 50% by John Couri, a director of the Company, and of which Messrs. C. Pappas and S. Hanson (also directors of the Company) previously held ownership interests owns an interest in an aircraft that the Company uses for business purposes in the course of its operations. Mr. Couri paid for his ownership interest in the aircraft himself and bears his share of all operating, personnel and maintenance costs associated with the operation of this aircraft. The Company made payments of \$0 and \$32, respectively for the thirteen weeks ended March 25, 2016 and March 27, 2015 for use of such aircraft. All payments were paid directly to an entity that manages the aircraft in which Mr. Couri has a *de minimis* indirect ownership interest.

The Company paid \$231 and \$134 to Architecture Studios, Inc. for interior decorating and design including the purchase of furniture and leasehold improvements primarily for our Las Vegas, San Francisco and Chicago facilities during the thirteen weeks ended March 25, 2016 and March 27, 2015, respectively. This entity is owned by Julie Hardridge, the sister-in-law of Christopher Pappas.

With the acquisition of Del Monte, the Company acquired two warehouse facilities that the Company leases from certain prior owners of Del Monte. Three of the owners are current employees, one of whom, John DeBenedetti, serves on the Company’s board of directors. The first property is located in American Canyon, CA and is owned by TJ Management Co. LLC, an entity owned 50% by John DeBenedetti and 50% by Theresa Lincoln, John DeBenedetti’s sister. The Company paid rent on this facility totaling \$52 for the thirteen weeks ended March 25, 2016. The second property is located in West Sacramento, CA and is owned by David DeBenedetti and Victoria DeBenedetti, the parents of John DeBenedetti. The Company paid rent on this facility totaling \$56 for the thirteen weeks ended March 27, 2016. John DeBenedetti, Theresa Lincoln and Victoria DeBenedetti are employees of a subsidiary of the Company.

John DeBenedetti and Theresa Lincoln, indirectly through TJ Investments, LLC, own a 16.67% ownership interest in Old World Provisions, which supplies products to the Company following the Del Monte acquisition. During the thirteen weeks ended March 25, 2016 the Company purchased approximately \$148 of products from Old World Provisions. Neither Mr. J. DeBenedetti nor Ms. Lincoln is involved in the day-to-day management of Old World Provisions.

**Note 11 Commitments and Contingencies**

Until February 29, 2016, the Company sublet a distribution facility from Leasing (an entity controlled by the Company's founders). Leasing leases the distribution center from the New York City Industrial Development Agency. In connection with this sublease arrangement and Leasing's obligations under a related mortgage to its mortgage lender, the Company, Dairyland and another of the Company's subsidiaries initially were required to act as guarantors of Leasing's mortgage obligation on the distribution center. The mortgage payoff date is December 2029 and the potential obligation under this guarantee totaled \$5,498 at March 25, 2016. By agreement dated July 1, 2005, the lender released the Company and its subsidiaries from their guaranty obligations, provided the sublease between Dairyland and Leasing remained in full force and effect. As of February 29, 2016, Dairyland exited the sublease arrangement with Leasing, triggering the guarantee obligation. The Company believes that the fair value of the building securing the mortgage more than offsets any potential obligation. In addition, Leasing is in the process of refinancing its mortgage with another lender. The Company, upon completion of the refinancing, expects that the Company and its subsidiaries will be unconditionally and fully released from any guaranty of Leasing's mortgage loan.

## ITEM 2. MANAGERMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided as a supplement to the accompanying condensed consolidated financial statements and footnotes to help provide an understanding of our financial condition, changes in our financial condition and results of operations. The following discussion should be read in conjunction with information included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 4, 2016. Unless otherwise indicated, the terms Company, Chefs' Warehouse, we, us and our refer to The Chefs' Warehouse, Inc. and its subsidiaries. All dollar amounts are in thousands.

### OVERVIEW

We are a premier distributor of specialty foods in eight of the leading culinary markets in the United States. We offer more than 34,000 SKUs, ranging from high-quality specialty foods and ingredients to basic ingredients and staples and center-of-the-plate proteins. We serve more than 26,000 customer locations, primarily located in our 15 geographic markets across the United States and Canada, and the majority of our customers are independent restaurants and fine dining establishments. As a result of our acquisition of Allen Brothers, we also sell certain of our center-of-the-plate products directly to consumers.

We believe several key differentiating factors of our business model have enabled us to execute our strategy consistently and profitably across our expanding customer base. These factors consist of a portfolio of distinctive and hard-to-find specialty food products, an extensive selection of center-of-the-plate proteins, a highly trained and motivated sales force, strong sourcing capabilities, a fully integrated warehouse management system, a highly sophisticated distribution and logistics platform and a focused, seasoned management team.

In recent years, our sales to existing and new customers have increased through the continued growth in demand for specialty food products and center-of-the-plate products in general; increased market share driven by our large percentage of sophisticated and experienced sales professionals, our high-quality customer service and our extensive breadth and depth of product offerings, including, as a result of our acquisitions of Michael's in August 2012, Allen Brothers in December 2013 and Del Monte in April 2015, meat, seafood and other center-of-the-plate products, and, as a result of our acquisition of Qzina in May 2013, gourmet chocolate, pastries and dessert; the acquisition of other specialty food and center-of-the-plate distributors; the expansion of our existing distribution centers; our entry into new distribution centers, including the construction of a new distribution center in Chicago; and the import and sale of our proprietary brands. Through these efforts, we believe that we have been able to expand our customer base, enhance and diversify our product selections, broaden our geographic penetration and increase our market share.

### RECENT ACQUISITIONS

On April 6, 2015, we acquired substantially all the equity interests of Del Monte Capitol Meat Co. and substantially all the assets of certain of its affiliated companies (collectively, "Del Monte") for an initial purchase price of approximately \$185,332, including the initial net working capital adjustment. Founded in 1926, Del Monte supplies high quality, USDA inspected beef, pork, lamb, veal, poultry and seafood products to Northern California. The funding of the acquisition consisted of the following:

- \$123,893 in cash, which was funded with cash-on-hand, borrowings under the revolving credit facility portion of our senior secured credit facilities and the issuance of \$25,000 of additional senior secured notes that bear interest at 5.80% per annum due on October 17, 2020;
- approximately 1.1 million shares of our common stock (valued at \$22.17 per share); and
- \$36,750 in convertible subordinated notes issued to certain entities affiliated with Del Monte with a six-year maturity bearing interest at 2.50% with a conversion price of \$29.70 per share.

In addition, we have agreed to pay additional contingent consideration of up to \$24,500 upon the successful achievement of Adjusted EBITDA targets for the Del Monte entities and improvements in certain operating metrics for our existing protein business and the business of any protein companies subsequently acquired by the Company over the six years following the closing. The final amount of the purchase price for Del Monte is subject to certain customary post-closing adjustments and finalization of our purchase accounting adjustments.

#### *Our Growth Strategies and Outlook*

We continue to invest in our people, facilities and technology in an effort to achieve the following objectives and maintain our premier position within the specialty foodservice distribution market:

- sales and service territory expansion;
- operational excellence and high customer service levels;
- expanded purchasing programs and improved buying power;
- product innovation and new product category introduction;
- operational efficiencies through system enhancements; and
- operating expense reduction through the centralization of general and administrative functions.

Our growth has allowed us to improve upon our organization's infrastructure, open new distribution facilities and pursue selective acquisitions. Over the last several years, we have increased our distribution capacity to approximately 1.2 million square feet in 22 distribution facilities at March 25, 2016. From the second half of fiscal 2013 through the first quarter of fiscal 2016, we have invested significantly in acquisitions, infrastructure and management.

### ***Key Factors Affecting Our Performance***

Due to our focus on menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools, bakeries, patisseries, chocolatiers, cruise lines, casinos and specialty food stores, our results of operations are materially impacted by the success of the food-away-from-home industry in the United States and Canada, which is materially impacted by general economic conditions, weather, discretionary spending levels and consumer confidence. When economic conditions deteriorate, our customers' businesses are negatively impacted as fewer people eat away-from-home and those who do spend less money. As economic conditions begin to improve, our customers' businesses historically have likewise improved, which contributes to improvements in our business. Likewise, the direct to consumer business of our Allen Brothers subsidiary is significantly dependent on consumers' discretionary spending habits, and weakness or uncertainty in the economy could lead to consumers buying less from Allen Brothers.

Volatile food costs may have a direct impact upon our profitability. Prolonged periods of product cost inflation may have a negative impact on our profit margins and results of operations to the extent we are unable to pass on all or a portion of such product cost increases to our customers. In addition, product cost inflation may negatively impact consumer discretionary spending decisions within our customers' establishments, which could adversely impact our sales. Conversely, our profit levels may be negatively impacted during periods of product cost deflation even though our gross profit as a percentage of sales may remain relatively constant. However, some of our products, particularly certain of our protein items, are priced on a cost plus a dollar markup, which helps mitigate the negative impact of deflation.

Given our wide selection of product categories, as well as the continuous introduction of new products, we can experience shifts in product sales mix that have an impact on net sales and gross profit margins. This mix shift is most significantly impacted by the introduction of new categories of products in markets that we have more recently entered, the shift in product mix resulting from acquisitions, as well as the continued growth in item penetration on higher velocity items such as dairy products.

The foodservice distribution industry is fragmented but consolidating, and we have supplemented our internal growth through selective strategic acquisitions. We believe that the consolidation trends in the foodservice distribution industry will continue to present acquisition opportunities for us, which may allow us to grow our business at a faster pace than we would otherwise be able to grow the business organically.



## RESULTS OF OPERATIONS

The following table presents, for the periods indicated, certain income and expense items expressed as a percentage of net sales:

	Thirteen Weeks Ended	
	March 25, 2016	March 27, 2015
Net sales	100.0%	100.0%
Cost of sales	74.9%	74.9%
Gross profit	25.1%	25.1%
Operating expenses	23.1%	23.6%
Operating income	2.0%	1.6%
Other expense:		
Interest expense and gain (loss) on sale of assets	1.4%	0.8%
Income before income tax expense	0.6%	0.8%
Provision for income taxes	0.2%	0.3%
Net income	0.4%	0.5%

Management evaluates the results of operations and cash flows using a variety of key performance indicators, including net sales compared to prior periods and internal forecasts, costs of our products and results of our cost-control initiatives, and use of operating cash. These indicators are discussed throughout the Results of Operations and Liquidity and Capital Resources sections of this MD&A.

### Thirteen Weeks Ended March 25, 2016 Compared to Thirteen Weeks Ended March 27, 2015

#### *Net Sales*

Our net sales for the thirteen weeks ended March 25, 2016 increased approximately 32.6%, or \$64,510 to \$262,401 from \$197,891 for the thirteen weeks ended March 25, 2016. The increase in net sales was primarily the result of the acquisition of Del Monte as well as organic sales growth. Del Monte contributed approximately \$52,130, or 26.3%, to net sales growth for the quarter. Organic growth contributed the remaining approximately \$12,380, or 6.3%, of total net sales growth. Internally calculated inflation was approximately 0.7% during the thirteen weeks ended March 25, 2016, driven largely by inflation in the dairy category offset in part by deflation in protein.

#### *Gross Profit*

Gross profit increased approximately 32.6%, or \$16,202, to \$65,958 for the thirteen weeks ended March 25, 2016, from \$49,756 for the thirteen weeks ended March 27, 2015. Gross profit margin remained flat at 25.1% for both the first quarter of 2016 and the first quarter of 2015. Gross profit margins decreased approximately 52 basis points in the Company's specialty division compared to very strong margins in the thirteen weeks ended March 27, 2015. Gross profit margins increased approximately 417 basis points in the protein division due to improved performance of the Company's Allen Brothers subsidiary and the mix contribution from Del Monte.

#### *Operating Expenses*

Total operating expenses increased by approximately 30.0%, or \$13,982, to \$60,598 for the thirteen weeks ended March 25, 2016 from \$46,616 for the thirteen weeks ended March 27, 2015. As a percentage of net sales, operating expenses were 23.1% in the first quarter of 2016 compared to 23.6% in the first quarter of 2015. The decrease in our operating expense ratio is largely attributable to favorable transportation related costs and prior year transaction costs related to the Company's acquisition of Del Monte, offset in part by higher occupancy related costs associated with new warehouse facilities and higher amortization expense related to the Del Monte acquisition.

#### *Operating Income*

Operating income increased by approximately 70.7%, or \$2,220, to \$5,360 for the thirteen weeks ended March 25, 2016 from \$3,140 for the thirteen weeks ended March 27, 2015. As a percentage of net sales, operating income increased to 2.0% for the thirteen weeks ended March 25, 2016 from 1.6% for the thirteen weeks ended March 27, 2015. The increase in operating income as a percentage of net sales was driven primarily from the improvement in operating expense leverage discussed above.

#### *Interest Expense*

Total interest expense increased \$1,820 to \$3,656 for the thirteen weeks ended March 25, 2016 from \$1,836 for the thirteen weeks ended March 27, 2015. This increase can be attributed to higher levels of debt related to the financing of the Del Monte acquisition.

### **Provision for Income Taxes**

For the thirteen weeks ended March 25, 2016, we recorded an effective income tax rate of 41.6%. For the thirteen weeks ended March 27, 2015, our effective income tax rate was 41.5%.

### **Net Income**

Reflecting the factors described above, net income increased \$26 to \$993 for the thirteen weeks ended March 25, 2016, compared to net income of \$967 for the thirteen weeks ended March 27, 2015.

### **Product Category Sales Mix**

The sales mix for the principal product categories for thirteen weeks ended March 25, 2016 is as follows (dollars in thousands):

	<b>Thirteen Weeks Ended</b>			
	<b>March 25, 2016</b>		<b>March 27, 2015</b>	
Center of the Plate	\$ 127,095	49%	\$ 71,782	36%
Dry Goods	44,768	17%	42,005	21%
Pastry	35,421	13%	33,962	17%
Cheese	20,386	8%	19,757	10%
Oils and Vinegar	13,770	5%	12,968	7%
Dairy	16,916	6%	13,488	7%
Kitchen Supplies	4,045	2%	3,929	2%
<b>Total</b>	<b>\$ 262,401</b>	<b>100%</b>	<b>\$ 197,891</b>	<b>100%</b>

### **LIQUIDITY AND CAPITAL RESOURCES**

We finance our day-to-day operations and growth primarily with cash flows from operations, borrowings under our senior secured credit facilities, operating leases, trade payables and bank indebtedness.

#### **Senior Secured Credit Facilities**

On April 25, 2012, the Company and certain of its subsidiaries entered into a senior secured credit facility (the "Credit Agreement") with the group of lenders with JPMorgan Chase Bank, N.A. ("Chase"), as administrative agent. Subsequent to that date, the Credit Agreement has been amended and restated (the "Amended and Restated Credit Agreement") to meet the changing requirements of the Company.

The Amended and Restated Credit Agreement provides for a senior secured term loan facility (the "Term Loan Facility") in the aggregate amount of up to \$36,000 (the loans thereunder, the "Term Loans") and a senior secured revolving loan facility (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Credit Facilities") of up to an aggregate amount of \$140,000 (the loans thereunder, the "Revolving Credit Loans"). Unutilized commitments under the Revolving Credit Facility portion of the Amended and Restated Credit Agreement are subject to a per annum fee of from 0.35% to 0.45% based on the Leverage Ratio (as defined therein). A fronting fee of 0.25% per annum is payable on the face amount of each letter of credit issued under the Credit Facilities.

The final maturity of the Term Loans is April 25, 2017. Subject to adjustment for prepayments, we are required to make quarterly principal payments of \$1,500 on the Term Loans on June 30, September 30, December 31 and March 31, with the remaining balance due upon maturity.

Borrowings under the Revolving Credit Facility portion of the Amended and Restated Credit Agreement have been used, and are expected to be used, for capital expenditures, permitted acquisitions, working capital and general corporate purposes of the Company. The commitments under the Revolving Credit Facility expire on April 25, 2017 and any Revolving Credit Loans then outstanding will be payable in full at that time. As of March 25, 2016, we had \$43,405 of availability under the Revolving Credit Facility portion of the Amended and Restated Credit Agreement.

Current borrowings under the Amended and Restated Credit Agreement bear interest according to a pricing grid based upon our Total Leverage Ratio. As of March 25, 2016 our interest rate was 3.8%.

The Amended and Restated Credit Agreement has covenants for Total Leverage Ratio, Senior Leverage Ratio and Fixed Charge Ratio. As of March 25, 2016, the Company was in compliance with all debt covenants under the Amended and Restated Credit Agreement, as amended.

### ***New Markets Tax Credit Loan***

On April 26, 2012, Dairyland HP LLC (“DHP”), an indirectly wholly-owned subsidiary of ours, entered into a financing arrangement under the New Markets Tax Credit (“NMTC”) program under the Internal Revenue Code of 1986, as amended, pursuant to which a subsidiary of Chase, provided to DHP an \$11,000 construction loan (the “NMTC Loan”) to help fund DHP’s expansion and build-out of our Bronx, New York facility and the rail shed located at that facility, which construction is required under the facility lease agreement. Borrowings under the NMTC Loan are secured by a first priority secured lien on DHP’s leasehold interest in our Bronx, New York facility, including all improvements made on the premises, as well as, among other things, a lien on all fixtures incorporated into the project improvements.

Under the NMTC Loan, DHP is obligated to pay (i) monthly interest payments on the principal balance then outstanding and (ii) the entire unpaid principal balance then due and owing on April 26, 2017. So long as DHP is not in default, interest accrues on borrowings at 1.00% per annum. We may prepay the NMTC Loan, in whole or in part, in \$100 increments.

As of March 25, 2016, DHP was in compliance with all debt covenants under the NMTC Loan.

### ***Senior Secured Notes***

On April 17, 2013, the Company and certain of its subsidiaries issued \$100,000 principal amount of 5.90% Guaranteed Senior Secured Notes due 2023 (the “Notes”). The Notes are guaranteed by the certain subsidiaries of the Company. The Notes, which rank pari passu with the Company’s obligations under the Credit Facilities, were issued to The Prudential Insurance Company of America and certain of its affiliates (collectively, “Prudential”) pursuant to a note purchase and guarantee agreement dated as of April 17, 2013 (the “Note Purchase and Guarantee Agreement”) between the Company and Prudential. The net proceeds from the issuance of the Notes were used to repay then-outstanding borrowings under the Revolving Credit Facility.

The Notes must be repaid in two equal installments, the first \$50,000 of which is due April 17, 2018 and the second \$50,000 of which is due at maturity on April 17, 2023. Moreover, the Company may prepay the Notes in amounts not less than \$1,000 at 100% of the principal amount of the Notes repaid plus the applicable Make-Whole Amount (as defined in the Note Purchase and Guarantee Agreement).

On April 6, 2015, the Company issued \$25,000 principal amount of 5.80% Series B Guaranteed Senior Secured Notes due October 17, 2020 to help fund the acquisition of Del Monte. The notes, which rank pari passu with the Company’s obligations under the Credit Facilities, were issued to Prudential pursuant to a Supplemental Note Purchase and Guarantee Agreement and Amendment Agreement dated as of April 6, 2015. In connection with the issuance of these notes, we entered into an amendment to our Amended and Restated Credit Agreement to permit the issuance of the notes.

On July 1, 2015, the Company entered into an amendment to the Note Purchase and Guarantee Agreement to permit an increase in the applicable rate of the Notes by 0.25% during the period of the Financial Covenants Adjustment.

The Note Purchase and Guarantee Agreement contains financial covenants related to leverage and fixed charges that are substantially the same as the corresponding provisions in the Amended and Restated Credit Agreement, as amended. As of March 25, 2016, the Company was in compliance with all debt covenants under the Notes and the Note Purchase and Guarantee Agreement, as amended.

### ***Convertible Subordinated Notes***

On April 6, 2015, the Company issued \$36,750 principal amount of convertible subordinated notes with a six-year maturity bearing interest at 2.5% and a conversion price of \$29.70 per share (the “Convertible Subordinated Notes”) to certain of the Del Monte entities as partial consideration in the Del Monte acquisition. The holders of the Convertible Subordinated Notes may, in certain instances beginning one year after issuance, redeem the Convertible Subordinated Notes for cash or shares of the Company’s common stock. Moreover, the Company may pay the outstanding principal amount due and owing under the Convertible Subordinated Notes at maturity in either cash or shares of the Company’s common stock. Interest is payable annually in cash with the first interest payment due on April 6, 2016. The Convertible Subordinated Notes, which are subordinate to the Company’s and its subsidiaries’ senior debt, are convertible into shares of the Company’s common stock by the holders at any time at a conversion price of \$29.70.

### **Liquidity**

We believe our capital expenditures, excluding cash paid for acquisitions, for fiscal 2016 will be approximately \$14,000. The significant decrease from \$21,656 in fiscal 2015 in projected capital expenditures in fiscal 2016 as compared to fiscal 2015 is the result of the completion of the renovation and expansion of our new Bronx, NY and Las Vegas, NV distribution facilities. Recurring capital expenditures will be financed with cash generated from operations and borrowings under our Revolving Credit Facility. Our planned capital projects will provide both new and expanded facilities and improvements to our technology that we believe will produce increased efficiency and the capacity to continue to support the growth of our customer base. Future investments and acquisitions will be financed through either internally generated cash flow, borrowings under our senior secured credit facilities in place at the time of the potential investment or acquisition or through the issuance of equity or debt securities, including, but not limited to, longer-term, fixed-rate debt securities and shares of our common stock.

In July 2015, we closed on a sale-leaseback transaction of our new Las Vegas, NV distribution facility. The property was sold for \$14,645, which approximated its cost. The related on-going lease will be accounted for as an operating lease.

Net cash provided by operations was \$8,915 for thirteen weeks ended March 25, 2016, an increase of \$1,708 from the \$7,207 provided by operations for thirteen weeks ended March 27, 2015. The primary reasons for the increase in net cash provided by operations were increased cash generated through net income, partially offset by a decrease in cash provided by changes in working capital and other operating assets and liabilities. During the first quarter of fiscal 2016 net income increased by \$26 and, embedded within the net income increase, non-cash charges increased by \$5,171, representing an overall increase of cash provided through net income of \$5,197. The primary cause for this increase is the organic growth of the Company as well as the cash generating impacts of the Del Monte acquisition. Offsetting these positive impacts were increased interest costs and income tax payments. The decrease in cash provided by changes in working capital was primarily due to an increase in cash used for accounts payable of \$5,011 and a decrease in cash provided by inventory of \$2,623 and prepaid expenses and other current assets of \$1,891, offset by an increase in cash provided from accounts receivables of \$6,583.

Net cash used in investing activities was \$3,161 for thirteen weeks ended March 25, 2016, a decrease of \$4,376 from the net cash used in investing activities of \$7,537 for the thirteen weeks ended March 27, 2015. The decrease in net cash used was primarily due to lower capital expenditures the result of completing construction of our Bronx, NY and Las Vegas, NV distribution facilities offset, in part, by the sale of one of our owned facilities in the thirteen weeks ended March 27, 2015.

Net cash used in financing activities was \$5,576 for the thirteen weeks ended March 25, 2016, an increase of \$4,650 from the \$926 used in financing activities for the thirteen weeks ended March 27, 2015. This increase was primarily due to the payments made to pay down our revolving credit facility in the thirteen weeks ended March 25, 2016, the result of improved cash flow from operations and lower capital expenditures. This increase was offset in part, by payments of contingent earn-out obligations which were made in the thirteen weeks ended March 27, 2015 that did not reoccur in the thirteen weeks ended March 25, 2015.

### ***Seasonality***

Excluding our direct-to-consumer business, we generally do not experience any material seasonality. However, our sales and operating results may vary from quarter to quarter due to factors such as changes in our operating expenses, management's ability to execute our operating and growth strategies, personnel changes, demand for our products, supply shortages, weather patterns and general economic conditions.

Our direct-to-consumer business is subject to seasonal fluctuations, with direct-to-consumer center-of-the-plate protein sales typically higher during the holiday season in our fourth quarter; accordingly, a disproportionate amount of operating cash flows from this portion of our business is generated by our direct-to-consumer business in the fourth quarter of our fiscal year. Despite a significant portion of these sales occurring in the fourth quarter, there are operating expenses, principally advertising and promotional expenses, throughout the year.

### ***Inflation***

Our profitability is dependent on, among other things, our ability to anticipate and react to changes in the costs of key operating resources, including food and other raw materials, labor, energy and other supplies and services. Substantial increases in costs and expenses could impact our operating results to the extent that such increases cannot be passed along to our customers. The impact of inflation on food, labor, energy and occupancy costs can significantly affect the profitability of our operations.

### ***Off-Balance Sheet Arrangements***

As of March 25, 2016, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

### ***Critical Accounting Policies and Estimates***

The preparation of the Company's condensed consolidated financial statements requires it to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The SEC has defined critical accounting policies as those that are both most important to the portrayal of the Company's financial condition and results and require its most difficult, complex or subjective judgments or estimates. Based on this definition, we believe our critical accounting policies include the following: (i) determining the allowance for doubtful accounts, (ii) inventory valuation, with regard to determining the reserve for excess and obsolete inventory, (iii) valuing goodwill and intangible assets, (iv) vendor rebates and other promotional incentives, (v) self-insurance reserves, (vi) accounting for income taxes and (vii) contingent earn-out liabilities. For all financial statement periods presented, there have been no material modifications to the application of these critical accounting policies.

### ***Allowance for Doubtful Accounts***

We analyze customer creditworthiness, accounts receivable balances, payment history, payment terms and historical bad debt levels when evaluating the adequacy of our allowance for doubtful accounts. In instances where a reserve has been recorded for a particular customer, future sales to the customer are either conducted using cash-on-delivery terms or the account is closely monitored so that agreed-upon payments are received prior to orders being released. A failure to pay results in held or cancelled orders. Our accounts receivable balance was \$113,333 and \$124,139, net of the allowance for doubtful accounts of \$5,875 and \$5,803, as of March 25, 2016 and December 25, 2015, respectively.

### ***Inventory Valuation***

We maintain reserves for slow-moving and obsolete inventories. These reserves are primarily based upon inventory age plus specifically identified inventory items and overall economic conditions. A sudden and unexpected change in consumer preferences or change in overall economic conditions could result in a significant change in the reserve balance and could require a corresponding charge to earnings. We actively manage our inventory levels as we seek to minimize the risk of loss and have consistently achieved a relatively high level of inventory turnover.

### ***Valuation of Goodwill and Intangible Assets***

We are required to test goodwill for impairment at least annually and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We have elected to perform our annual tests for indications of goodwill impairment during the fourth quarter of each fiscal year. We test for goodwill impairment at the reporting unit level, as we aggregate our component units into two reporting units, Protein and Specialty, based on a discounted cash flow approach. The goodwill impairment analysis is a two-step test. The first step, used to identify potential impairment, involves comparing our estimated fair value to our carrying value, including goodwill. If our estimated fair value exceeds our carrying value, goodwill is considered not to be impaired. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment. If required, the second step involves calculating an implied fair value of our goodwill. The implied fair value of goodwill is determined in a manner similar to the amount of goodwill calculated in a business combination, by measuring the excess of the estimated fair value, as determined in the first step, over the aggregate estimated fair values of the individual assets, liabilities and identifiable intangibles as if we were being acquired in a business combination. If the implied fair value of our goodwill exceeds the carrying value of our goodwill, there is no impairment. If the carrying value of our goodwill exceeds the implied fair value of our goodwill, an impairment charge is recorded for the excess.

When analyzing whether to aggregate the business components into single reporting units, the Company considers whether each component has similar economic characteristics. The Company has evaluated the economic characteristics of its different geographic markets, including its recently acquired businesses, along with the similarity of the operations and margins, nature of the products, type of customer and methods of distribution of products and the regulatory environment in which the Company operates and concluded that the business components can be combined into two reporting units, Protein and Specialty.

In fiscal 2015, our annual assessment indicated that we are not at risk of failing step one of the goodwill impairment test and no impairment of goodwill existed, as the fair value of each reporting unit exceeded their carrying value. We have noted no indicators of impairment during the thirteen weeks ended March 25, 2016. Total goodwill as of March 25, 2016 and December 25, 2015 was \$155,848 and \$155,816, respectively.

Intangible assets with finite lives are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Cash flows expected to be generated by the related assets are estimated over the assets useful lives based on updated projections. If the evaluation indicates that the carrying amount of the asset may not be recoverable, the potential impairment is measured based on a projected discounted cash flow model. There have been no events or changes in circumstances during 2016 or 2015 indicating that the carrying value of our finite-lived intangible assets are not recoverable. Total finite-lived intangible assets as of March 25, 2016 and December 25, 2015 were \$129,500 and \$132,211, respectively.

The assessment of the recoverability of goodwill and intangible assets will be impacted if estimated future cash flows are not achieved.

### ***Vendor Rebates and Other Promotional Incentives***

We participate in various rebate and promotional incentives with our suppliers, including volume and growth rebates, annual incentives and promotional programs. In accounting for vendor rebates, we follow the guidance in ASC 605-50 (Emerging Issues Task Force, or EITF, No. 02-16, *Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor* and EITF No. 03-10, *Application of Issue No. 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers*).

We generally record consideration received under these incentives as a reduction of cost of goods sold; however, in certain circumstances, we record marketing-related consideration as a reduction of marketing costs incurred. We may receive consideration in the form of cash and/or invoice deductions.

We record consideration that we receive for volume and growth rebates and annual incentives as a reduction of cost of goods sold. We systematically and rationally allocate the consideration for those incentives to each of the underlying transactions that results in progress by us toward earning the incentives. If the incentives are not probable and reasonably estimable, we record the incentives as the underlying objectives or milestones are achieved. We record annual incentives when we earn them, generally over the agreement period. We record consideration received to promote and sell the suppliers' products as a reduction of our costs, as the consideration is typically a reimbursement of costs incurred by us. If we received consideration from the suppliers in excess of our costs, we record any excess as a reduction of cost of goods sold.

### ***Self-Insurance Reserves***

Effective October 1, 2011, we began maintaining a self-insured group medical program. The program contains individual stop loss thresholds of \$125 per incident and aggregate stop loss thresholds based upon the average number of employees enrolled in the program throughout the year. The amount in excess of the self-insured levels is fully insured by third party insurers. Liabilities associated with this program are estimated in part by considering historical claims experience and medical cost trends. Projections of future loss expenses are inherently uncertain because of the random nature of insurance claims occurrences and could be significantly affected if future occurrences and claims differ from these assumptions and historical trends.

Effective August 1, 2012, we became self-insured for workers' compensation and automobile liability to deductibles or self-insured retentions of \$350 for workers compensation and \$250 for automobile liability per occurrence. The amounts in excess of our deductibles are fully insured by third party insurers. Liabilities associated with this program are estimated in part by considering historical claims experience and cost trends. Projections of future loss expenses are inherently uncertain because of the random nature of insurance claims occurrences and could be significantly affected if future occurrences and claims differ from these assumptions and historical trends.

### ***Income Taxes***

The determination of our provision for income taxes requires significant judgment, the use of estimates and the interpretation and application of complex tax laws. Our provision for income taxes primarily reflects a combination of income earned and taxed in the various U.S. federal and state jurisdictions. Jurisdictional tax law changes, increases or decreases in permanent differences between book and tax items, accruals or adjustments of accruals for unrecognized tax benefits, and our change in the mix of earnings from these taxing jurisdictions all affect the overall effective tax rate.

### ***Contingent Earn-out Liabilities***

We account for contingent consideration relating to business combinations as a liability and an increase to goodwill at the date of the acquisition and continually re-measure the liability at each balance sheet date by recording changes in the fair value through our Consolidated Statements of Operations. We determine the fair value of contingent consideration based on future operating projections under various potential scenarios, including the use of Monte Carlo simulations, and weight the probability of these outcomes. The ultimate settlement of contingent earn-out liabilities relating to business combinations may be for amounts which are materially different from the amounts initially recorded and may cause volatility in our results of operations.

Management has discussed the development and selection of these critical accounting policies with our Audit Committee, and the Audit Committee has reviewed the above disclosure. Our condensed consolidated financial statements contain other items that require estimation, but are not as critical as those discussed above. These other items include our calculations for bonus accruals, depreciation and amortization. Changes in estimates and assumptions used in these and other items could have an effect on our condensed consolidated financial statements.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

#### ***Interest Rate Risk***

On April 25, 2012, the Borrowers and the Guarantors entered into the Credit Agreement with the lenders from time to time party thereto, Chase, as Administrative Agent, and the other parties thereto. On April 17, 2013, the Borrowers and Guarantors entered into various amendments to the Amended and Restated Credit Agreement. Each of the Credit Agreement and Amended and Restated Credit Agreement, as amended, is described in more detail above under the caption Liquidity and Capital Resources in the MD&A. Our primary market risks are related to fluctuations in interest rates related to borrowings under our current credit facilities.

As of March 25, 2016, we had an aggregate \$93.2 million of indebtedness outstanding under the Revolving Credit Facility and Term Loan Facility and \$3.4 million outstanding under a software financing agreement that bore interest at variable rates. A 100 basis point increase in market interest rates would decrease our after tax earnings by approximately \$564 per annum, holding other variables constant.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### ***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this Form 10-Q. The evaluation included certain internal control areas in which we have made and are continuing to make changes to improve and enhance controls. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at the end of the period covered by this Form 10-Q to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

#### ***Changes in Internal Control over Financial Reporting***

There were no changes in our internal control over financial reporting during the most recent fiscal period that may have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of March 25, 2016, the Company has transitioned four of the six divisions of Del Monte from the legacy Del Monte ERP system to the Company's protein group ERP system. The Company plans to complete the Del Monte system transition during fiscal 2016.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We are involved in legal proceedings, claims and litigation arising out of the ordinary conduct of our business. Although we cannot assure the outcome, management presently believes that the result of such legal proceedings, either individually or in the aggregate, will not have a material adverse effect on our consolidated financial statements, and no material amounts have been accrued in our consolidated financial statements with respect to these matters.

### **ITEM 1A. RISK FACTORS**

There has been no material changes with respect to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC on March 4, 2016.



**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

	<b>Total Number of Shares Repurchased<sup>(1)</sup></b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs</b>
December 26, 2015 to January 22, 2016	6,149	\$ 13.98	—	—
January 23, 2016 to February 19, 2016	2,076	\$ 13.16	—	—
February 20, 2016 to March 25, 2016	9,253	\$ 19.84	—	—
Total	<u>17,478</u>	<u>\$ 16.98</u>	<u>—</u>	<u>—</u>

(1) During the thirteen weeks ended March 25, 2016, we withheld 17,478 shares to satisfy tax withholding requirements upon the vesting of restricted shares of our common stock awarded to our officers and key employees.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS****Exhibit No. Description**

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3.1	<a href="#">Bylaws of the Company, dated as of May 3, 2016</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

**SIGNATURE**

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 May 4, 2016.

**THE CHEFS' WAREHOUSE, INC.**  
**(Registrant)**

May 4, 2016  
**Date**

/s/ John D. Austin  
\_\_\_\_\_  
**John D. Austin**  
Chief Financial Officer  
(Principal Financial Officer and Principal  
Accounting Officer)

**THE CHEFS' WAREHOUSE, INC.  
BYLAWS**

**ARTICLE I.  
OFFICES**

Section 1. Registered Office. The registered office of The Chefs' Warehouse, Inc., a Delaware corporation (the "Corporation"), shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 3. Books and Records. The books and records of the Corporation may be kept inside or outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors.

**ARTICLE II.  
MEETINGS OF STOCKHOLDERS**

Section 1. Meeting Location. All meetings of the stockholders shall be held at such place either within or without the State of Delaware, as shall be designated from time to time by resolution of the Board of Directors and stated in the notice of meeting. If no designation is so made, the place of meeting shall be the principal office of the Corporation.

Section 2. Annual Meeting. The annual meeting of the stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such date, time and place as shall be determined by the Board of Directors and stated in the notice of the meeting.

Section 3. Special Meetings. Special meetings of stockholders for any purpose or purposes shall be called pursuant to a resolution approved by the Board of Directors or the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary of the Corporation and may not be called by any other person or persons. The only business which may be conducted at a special meeting shall be the matter or matters set forth in the notice of such meeting.

Section 4. Adjournments. Any meeting of the stockholders, annual or special, may be adjourned from time to time to reconvene at the same or some other place, if any, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date is fixed for stockholders entitled to vote at the adjourned meeting, the Board of Directors shall fix a new record date for notice of the adjourned meeting and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at the meeting as of the record date for notice of such adjourned meeting.

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Section 5.      Notice of Meetings.

(a)      Written notice stating the place, day and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and in the case of a special meeting, the purpose for which the meeting is called, shall be delivered to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally, by electronic transmission in the manner provided in Section 1 of Article IV of these Bylaws and Section 232 of the General Corporation Law of the State of Delaware (the "DGCL") (except to the extent prohibited by Section 232(e) of the DGCL) or by mail.

(b)      Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any stockholder who fails to object in writing to the Corporation, within 60 days of having been given written notice by the Corporation of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice.

Section 6.      List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or during ordinary business hours, at the principal place of business of the Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 7.      Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation of the Corporation. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Voting. Unless otherwise provided by law, in the Certificate of Incorporation or in these Bylaws, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three (3) years from its date, unless the proxy provides for a longer period.

If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the vote of a greater or lesser number is required by law, the Certificate of Incorporation or these Bylaws, and provided that the required vote with respect to elections of directors will be as follows:

A person nominated for election as a director shall be elected by a plurality of the votes cast at any meeting for the election of directors at which a quorum is present; abstentions and broker non-votes shall not be deemed to be votes cast for purposes of tabulating the vote.

Section 9. Proxies. A stockholder may vote his or her shares in person or by proxy, executed in writing (or in such manner prescribed by the DGCL) by the stockholder, or by his or her duly authorized attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for three (3) years unless another period is expressly provided in the appointment form.

Section 10. Stockholder Participation by Remote Communication. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication: (a) participate in a meeting of stockholders and (b) be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 11. Inspectors at Meetings of Stockholders. The Board of Directors, in advance of any meeting of stockholders, may, and shall if required by law, appoint one or more inspectors, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and make a written report thereof. The Board of Directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Unless otherwise provided by the Board of Directors, the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be determined by the person presiding at the meeting and shall be announced at the meeting. No ballot, proxies, votes or any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by a stockholder shall determine otherwise. No person who is a candidate for office at an election may serve as an inspector at such election.

Section 12. Fixing the Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the determination of stockholders entitled to vote at the adjourned meeting and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for the determination of stockholders entitled to vote therewith at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 13.      Advance Notice Provisions for Election of Directors.

(a) Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible to serve as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (i) pursuant to the Corporation's notice of the meeting, (ii) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in these Bylaws, who is entitled to vote generally in the election of directors at the meeting and who shall have complied with the notice procedures set forth below in Section 13(b) to this Article II.



(b) In order for a stockholder to nominate a person for election to the Board of Directors of the Corporation at a meeting of stockholders, such stockholder shall have delivered timely notice of such stockholder's intent to make such nomination in writing to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than ninety (90) nor more than one hundred twenty (120) days prior to the date of the first anniversary of the previous year's annual meeting; provided, however, that in the event the annual meeting is scheduled to be held on a date more than thirty (30) days prior to or delayed by more than sixty (60) days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10<sup>th</sup>) day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting was made and (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the tenth (10<sup>th</sup>) day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting was made. To be in proper form, a stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election as a director at such meeting (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person, (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act") and (E) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and (ii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (A) the name and record address of such stockholder, as it appears on the Corporation's books, and of such beneficial owner, if applicable, and of their respective affiliates or associates or others acting in concert therewith, (B)(1) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder and such beneficial owner, as applicable, and their respective affiliates or associates or others acting in concert therewith, (2) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without regard to whether the stockholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (3) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any class or series of shares of the Corporation, (4) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving such stockholder, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such stockholder with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Corporation (any of the foregoing, a "Short Interest"), (5) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (6) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (7) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household, (8) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, and (9) any direct or indirect interest of such stockholder in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (C) a description of all arrangements or understandings between such stockholder and/or beneficial owner, if applicable, and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (D) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (E) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected and a completed and signed questionnaire, representation and agreement required by Section 13(d) of this Article II by each proposed nominee. For purposes of this section, "public disclosure" shall mean disclosure in a Current Report on Form 8-K (or any successor form) or in a press release reported by Dow Jones News Service, Associated Press or a comparable national news service.

(c) No person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this section. The presiding officer of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by this section, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. A stockholder seeking to nominate a person to serve as a director must also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in this section.

(d) To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 13(b) of this Article II) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation. The Corporation may also require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

Section 14. Advance Notice Provisions for Other Business at the Annual Meetings.

(a) At an annual meeting of the stockholders, only such business shall be conducted as shall

have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (ii) brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (iii) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such business must be a proper subject for stockholder action. To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) nor more than one hundred twenty (120) days prior to the date of the first anniversary of the previous year's annual meeting; provided, however, that in the event the annual meeting is scheduled to be held on a date more than thirty (30) days prior to or delayed by more than sixty (60) days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the tenth (10th) day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever occurs first. To be in proper form, a stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business and the beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith on whose behalf the proposal is made, (iii)(A) the class and number of shares of the Corporation which are beneficially owned by the stockholder and beneficial owner, if applicable, and their respective affiliates or associates or others acting in concert therewith, (B) any Derivative Instrument directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any class or series of shares of the Corporation, (D) any Short Interest, (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, and (I) any direct or indirect interest of such stockholder in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (iv) any material interest of the stockholder and/or beneficial owner, if applicable, and of their respective affiliates or associates or others acting in concert therewith in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

(b) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this section. The presiding officer of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this section; if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. For purposes of this section, "public disclosure" shall mean disclosure in a Current Report on Form 8-K (or any successor form) or in a press release reported by Dow Jones News Service, Associated Press or a comparable national news service. Nothing in this section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to, and in compliance with the requirements of, Rule 14a-8 under the Exchange Act.

Section 15. Order of Business. The order of business of each meeting of the stockholders of the Corporation shall be determined by the presiding officer of the meeting. The presiding officer of the meeting shall have the right and authority to prescribe such rules, regulations, and procedures and to do all such acts and things as are necessary or desirable for the conduct of the meeting, including, without limitation, the establishment of procedures for the dismissal of business not properly presented, the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meetings after the time prescribed for commencement thereof, and opening and closing of the voting polls.

Section 16. Presiding Officer and Secretary. Meetings of the stockholders shall be presided over by the Chairman, or if the Chairman is not present, by the Vice Chairman, or if the Vice Chairman is not present, by the Chief Executive Officer, or if the Chief Executive Officer is not present, by the President, or if the Chief Executive Officer and the President are not present, by a chairman chosen by a majority of the stockholders entitled to vote at such meeting. The Secretary or, in his or her absence, an Assistant Secretary shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, a majority of the stockholders entitled to vote at such meeting shall choose any person present to act as secretary of the meeting.

### **ARTICLE III.** **DIRECTORS**

Section 1. Powers of Directors. The business and affairs of the Corporation shall be managed by its Board of Directors, which may exercise all powers of the Corporation and do all lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. Number and Qualification. The number of directors which shall constitute the Board of Directors shall be not less than three and not more than fifteen, with such exact number within such range, and shall be fixed from time to time by resolution of the Board of Directors. No decrease shall have the effect of shortening the term of any incumbent director.

Section 3. Election and Term. Each director shall hold office until a successor is duly elected and qualified or until the director's earlier death, resignation, disqualification or removal. Notwithstanding the foregoing, no duly elected director shall be eligible to hold the office of director as of the first annual meeting held following the tenth (10th) complete calendar year in which he or she has held office, not including any calendar year prior to January 1, 2012.

Section 4. Filling Vacancies. Any vacancy occurring in the Board of Directors by reason of death, resignation, or removal shall be filled by the remaining directors as set forth in the Certificate of Incorporation. A director elected to fill a vacancy shall hold office until the next annual meeting of the Corporation's stockholders and until such director's successor has been duly elected and qualified or until such director's earlier death, resignation, disqualification or removal as herein provided. Any directorship to be filled by reason of an increase in the number of directors may be filled by election at a regular meeting or a special meeting of the Board of Directors called for that purpose, or at an annual meeting or a special meeting of stockholders called for that purpose.

Section 5.        Resignation of Directors. Any director may resign at any time by delivering a written resignation to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors.

Section 6.        Removal of Directors. Unless otherwise restricted by the Certificate of Incorporation or by law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

Section 7.        Place of Meetings. Regular or special meetings of the Board of Directors may be held either within or without the State of Delaware.

Section 8.        Meeting of Newly Elected Board of Directors. The first meeting of each newly elected Board of Directors shall be held immediately following each annual meeting of stockholders and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present.

Section 9.        Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board of Directors. The Board of Directors shall meet at least annually.

Section 10.       Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, the Vice Chairman, the Chief Executive Officer or the President and shall be called by the Secretary on the written request of at least two (2) directors. Notice of any special meeting of directors shall be given to each director. If mailed by first-class mail, such notice shall be deposited in the United States mails so addressed, with postage thereon prepaid, at least three (3) days before such meeting. If by overnight mail or courier service, such notice shall be delivered to the overnight mail or courier service company at least thirty-six (36) hours before such meeting. If given personally or by facsimile or other electronic transmission (including e-mail), such notice shall be given or transmitted at least twelve (12) hours before such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting.

Section 11.       Telephone Meetings. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 12. Quorum of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 13. Action by Written Consent. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or the committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or the committee.

Section 14. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation as appointed by the Board of Directors. The Board of Directors shall designate the directors who shall serve as members of the committees and may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Any such committee, to the extent provided in the resolutions of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 15. Committee Minutes. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

Section 16. Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors, which may be paid in cash, securities of the Corporation or a combination of both cash and such securities. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

**ARTICLE IV.**  
**NOTICES**

**Section 1.** **Notice.** Whenever under the provisions of these Bylaws, the Certificate of Incorporation or the law, written notice is required to be given to any director, officer or stockholder, it shall not be construed to mean personal notice, but such notice will be deemed given by depositing the same in the United States mail, postage prepaid, addressed to such stockholder, officer, or director at such address as appears on the Corporation's current record of stockholders, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice to an officer or director may also be given by overnight mail or courier service and shall be deemed to be given when the notice is delivered to the overnight mail or courier service company. Written notice to an officer or director also may be given personally or by facsimile or other electronic transmission (including e-mail). Written notice to stockholders also may be given personally or by a form of electronic transmission (including e-mail) consented to by the stockholder to whom the notice is given. If notice to a stockholder is provided by electronic transmission, such notice shall be deemed given: (a) if by facsimile, when directed to a number at which the stockholder has consented to receive notice; (b) if by e-mail, when directed to an e-mail address at which the stockholder has given consent to receive notice; (c) if by posting on an electronic network together with separate notice to the stockholder of such specific posting upon the later of (i) such posting and (ii) the giving of such separate notice; and (d) if by any other electronic transmission, when directed to the stockholder.

**Section 2.** **Waiver of Notice.** Whenever under the provisions of these Bylaws, the Certificate of Incorporation or the law, notice is required to be given to any director, officer or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

**ARTICLE V.**  
**OFFICERS**

**Section 1.** **Qualifications.** The officers of the Corporation shall be elected by the Board of Directors and may consist of a president, a secretary and such other officers as the Board of Directors may determine, including a chairman, a vice chairman, a chief executive officer, one or more vice presidents, a chief financial officer, or a treasurer. The Board of Directors may also choose additional vice presidents, and one or more assistant secretaries and assistant financial officers. Any number of offices may be held by the same person, except that the offices of president and secretary may not be held by the same person. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 2.        Term and Vacancies. The officers of the Corporation shall hold office until their successors are chosen and qualified or until such officer's earlier death, resignation or removal. An officer may resign at any time by delivering notice to the Corporation. Such resignation is effective when such notice is delivered unless such notice specifies a later effective date. An officer's resignation does not affect the Corporation's contract rights, if any, with the officer. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 3.        General Authority of Officers. The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

Section 4.        Chairman. The Chairman, if such an officer be elected, shall, if present, preside at all meetings of the stockholders and the Board of Directors, shall see that all orders and resolutions of the Board of Directors are carried into effect and shall perform such other duties as the Board of Directors may from time to time prescribe.

Section 5.        Vice Chairman. The Vice Chairman, if such an officer be elected, shall have such powers and perform such duties as the Board of Directors may from time to time prescribe.

Section 6.        Chief Executive Officer. The Chief Executive Officer, if such an officer be elected, shall, subject to the powers of the Board of Directors, be in the general and active charge of the entire business and affairs of the Corporation, and shall be its chief policy making officer. He or she shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or provided in these Bylaws. Whenever the President is unable to serve, by reason of sickness, absence or otherwise, the Chief Executive Officer shall perform all the duties and responsibilities and exercise all the powers of the President.

Section 7.        President. The President of the Corporation, subject to the powers of the Board of Directors and the Chief Executive Officer, shall have general charge of the business affairs and property of the Corporation, and control over its officers, agents and employees, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall have such other powers and perform such other duties as may be prescribed by the Chief Executive Officer, the Board of Directors or as may be provided in these Bylaws.

Section 8.        Vice Presidents. Each Vice President shall perform such duties and have such powers as the Board of Directors may from time to time prescribe.

Section 9.        Secretary. The Secretary shall attend all meetings of the stockholders and see that records of all the proceedings of the meetings of the Corporation and of the Board of Directors are kept in a book for that purpose. He or she shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors. He or she shall have charge of the corporate seal (if any) and the stock records of the Corporation and such other books and papers as the Board of Directors may direct, and shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he or she shall be.

Section 10.      Assistant Secretary. The Assistant Secretary, if any, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 11.      Chief Financial Officer. The Chief Financial Officer, if such an officer be elected, shall be responsible for the general supervision of the Corporation's financial policies and affairs and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 12.      Treasurer. The Treasurer, if such an officer be elected, shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board of Directors, or in such banks as may be designated as depositories in the manner provided by resolution of the Board of Directors. He or she shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

## ARTICLE VI. CERTIFICATES

Section 1.        Certificates For Stock; Uncertificated Shares. The shares of the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Except as otherwise provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of shares represented by certificates of the same class and series shall be identical. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, or the President or Vice President, and by the Chief Financial Officer or Treasurer, or the Secretary or an assistant secretary of such Corporation representing the number of shares registered in certificated form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Corporation shall not have power to issue a certificate in bearer form.



Section 2.        Replacement of Certificates. The Board of Directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to affirm the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 3.        Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be canceled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation.

Section 4.        Record Ownership Conclusive. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

**ARTICLE VII.**  
**GENERAL PROVISIONS**

Section 1.        Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, and applicable law, may be declared by the Board of Directors at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Stock Held by the Corporation. Shares of voting stock or other equity interests issued by another entity and held in the name of the Corporation may be voted by the Chairman, Vice Chairman, Chief Executive Officer, President or Secretary on behalf of the Corporation, on any issue submitted to the stockholders or equity holders of such other entity with respect to which the Corporation is entitled to vote.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be set by the Board of Directors.

Section 4. Contracts. The Board of Directors may authorize any officer or officers, or any agent or agents, of the Corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 5. Inconsistent Provisions. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the Certificate of Incorporation, the law, the provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

## **ARTICLE VIII.** **INDEMNIFICATION**

Section 1. Indemnification of Directors and Officers in Third Party Proceedings. Subject to the other provisions of this Article VIII, the Corporation shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding") (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director of the Corporation or an officer of the Corporation, or while a director of the Corporation or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. Indemnification of Directors and Officers in Actions by or in the Right of the Corporation. Subject to the other provisions of this Article VIII, the Corporation shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director of the Corporation or officer of the Corporation, or while a director of the Corporation or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Successful Defense. To the extent that a present or former director of the Corporation or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 1 or Section 2 of this Article VIII, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 4. Indemnification of Others. Subject to the other provisions of this Article VIII, the Corporation shall have power to indemnify its employees and its agents to the extent not prohibited by the DGCL or other applicable law. The Board of Directors shall have the power to delegate the determination of whether employees or agents shall be indemnified to such person or persons as the Board of Directors determines.

Section 5. Advanced Payment of Expenses. Expenses (including attorneys' fees) incurred by an officer of the Corporation or director of the Corporation in defending any Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this Article VIII or the DGCL. Such expenses (including attorneys' fees) incurred by former directors of the Corporation and officers of the Corporation or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems reasonably appropriate and shall be subject to the Corporation's expense guidelines. The right to advancement of expenses shall not apply to any claim for which indemnity is excluded pursuant to these Bylaws, but shall apply to any Proceeding referenced in Section 6(b) or Section 6(c) of this Article VIII prior to a determination that the person is not entitled to be indemnified by the Corporation.

Section 6. Limitation on Indemnification. Subject to the requirements in Section 3 of this Article VIII and the DGCL, the Corporation shall not be obligated to indemnify any person pursuant to this Article VIII in connection with any Proceeding (or any part of any Proceeding):

(a) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the 1934 Act, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);

(c) for any reimbursement of the Corporation by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the Corporation, as required in each case under the 1934 Act (including any such reimbursements that arise from an accounting restatement of the Corporation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), or the payment to the Corporation of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);

(d) initiated by such person against the Corporation or its directors, officers, employees, agents or other indemnitees, unless (i) the Board of Directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law, (iii) otherwise required to be made under Section 7 of this Article VIII or (iv) otherwise required by applicable law; or

(e) if prohibited by applicable law; *provided, however*, that if any provision or provisions of this Article VIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Article VIII (including, without limitation, each portion of any paragraph or clause containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Article VIII (including, without limitation, each such portion of any paragraph or clause containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 7. Determination; Claim. If a claim for indemnification or advancement of expenses under this Article VIII is not paid in full within ninety (90) days after receipt by the Corporation of the written request therefor, the claimant shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses. The Corporation shall indemnify such person against any and all expenses that are incurred by such person in connection with any action for indemnification or advancement of expenses from the Corporation under this Article VIII, to the extent such person is successful in such action, and to the extent not prohibited by law. In any such suit, the Corporation shall, to the fullest extent not prohibited by law, have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses.

Section 8.        Non-Exclusivity of Rights. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation or these Bylaws or any statute, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The Corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

Section 9.        Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

Section 10.       Survival. The rights to indemnification and advancement of expenses conferred by this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11.       Effect of Repeal or Modification. Any amendment, alteration or repeal of this Article VIII shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to such amendment, alteration or repeal.

Section 12.       Certain Definitions. For purposes of this Article VIII, references to the "Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "officers" shall include the Chairman, Vice Chairman, President, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Information Officer, Executive Vice President of Human Resources, and Legal Services Director, or such other officers serving equivalent functions. For purposes of this Article VIII, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

**ARTICLE IX.**  
**AMENDMENTS**

Section 1. These Bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal bylaws is conferred upon the Board of Directors by the Certificate of Incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal bylaws.

**CERTIFICATION**

I, Christopher Pappas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Chefs' Warehouse, Inc.;
2. Based on my knowledge, this quarterly 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 registrants other certifying officer 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 Rule 13a-15(f) and Rule 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 registrants 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 registrants internal control over financial reporting that occurred during the registrants most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants internal control over financial reporting; and
5. The registrants other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants auditors and the audit committee of registrants board of directors (or persons performing the equivalent function):
  - (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 registrants 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 registrants internal control over financial reporting.

Date: May 4, 2016

/s/ Christopher Pappas  
Christopher Pappas  
Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION**

I, John D. Austin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Chefs' Warehouse, Inc.;
2. Based on my knowledge, this quarterly 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 registrants other certifying officer 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 Rule 13a-15(f) and Rule 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 registrants 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 registrants internal control over financial reporting that occurred during the registrants most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants internal control over financial reporting; and
5. The registrants other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants auditors and the audit committee of registrants board of directors (or persons performing the equivalent function):
  - (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 registrants 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 registrants internal control over financial reporting.

Date: May 4, 2016

/s/ John D. Austin

John D. Austin  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

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**CERTIFICATION 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 quarterly report of The Chefs Warehouse, Inc. (the Company) on Form 10-Q for the quarter ended March 25, 2016, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Christopher Pappas, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 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 Company.

Date: May 4, 2016

/s/ Christopher Pappas  
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Christopher Pappas  
Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

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**CERTIFICATION 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 quarterly report of The Chefs Warehouse, Inc. (the Company) on Form 10-Q for the quarter ended March 25, 2016, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, John D. Austin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 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 Company.

Date: May 4, 2016

/s/ John D. Austin

John D. Austin  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

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