

Table of Contents

Our Dining Experience

Our restaurants offer a differentiated prix fixe menu as well as select à la carte options. For the full *churrasco* experience, the prix fixe menu includes two courses. Guests can begin at the Market Table, which features a variety of gourmet side dishes, seasonal salads, Brazilian hearts of palm, fresh-cut vegetables, aged cheeses, smoked salmon and cured meats, and is available immediately after the guests are seated.

The second course of the menu is the *rodizio* (meat) service. We offer a selection of up to 20 cuts of beef, lamb, pork and chicken fire-roasted over open flames in the traditional Brazilian style. *Gaúcho* chefs rotate through the dining room, with each server responsible for a single cut of meat that is carved table-side to guests' specifications. Some of our most popular Brazilian style cuts include the *picanha*, our signature cut (a part of the sirloin), *alcatra* (cut from the top sirloin), new beef *ancho* (the prime part of the rib eye), *fraldinha* (bottom sirloin), *linguica* (robust pork sausages) and *costela* (beef ribs).

Each guest has beside them a two-sided medallion with one side red and one side green. When a guest is ready to begin enjoying the various selections of meat they simply turn the medallion to green. This signals our *gaúcho* chefs to visit that table and offer whatever cut of meat they are serving. Guests can pause the service at any time by turning the medallion to red and then back to green when they are ready to try additional selections, and can communicate to our *gaúchos* any specific cut of meat they prefer. The medallion allows customization so the guest can control the pace and choice of meats. Each cut is carved by our *gaúcho* chefs in a manner designed to both enhance the tenderness of each slice as well as meet our guests' desired portion size and temperature.

To complement the meats, a variety of sharable side dishes, including warm cheese bread, fried bananas and crispy polenta, among various other selections, are brought to each table and replenished throughout the meal. Our restaurants also offer a selection of traditional desserts, including papaya cream and tres leches.

For guests preferring lighter fare, we also offer Brazilian-inspired à la carte seafood options, which we introduced in February 2014 across our restaurant base to increase guest frequency and broaden the appeal of our menu. We also offer the option to have only food from the Market Table. Our menu options are enhanced by an award-winning wine list and a full bar complete with a selection of signature Brazilian drinks such as the *caipirinha*. In March 2014, we introduced Bar Fogo, a "small-plates" menu offered at the bar designed to enhance our bar experience, increase alcohol sales and drive higher spend per guest. We believe there is substantial opportunity to increase guest frequency and spend per guest through continued menu innovation and day-part expansion.

Restaurant Management and Operations

Restaurant Organizational Structure

Each restaurant typically employs approximately 60 to 85 people. There are approximately 10 to 12 *gaúcho* chefs per restaurant. Supporting the *gaúcho* chefs are approximately 10 to 30 servers and approximately 10 to 30 bussers and kitchen staff as well as other operating personnel. Our *gaúcho* chefs butcher, prepare, fire-roast and serve all our meats. Each restaurant has a general manager and an assistant general manager, and half of our restaurants in the United States employ a second assistant manager. To promote authenticity, continuity of the *churrasco* culture and improved operations, most of our employees holding management-level positions and our general managers are former *gaúcho* chefs.

We emphasize a culture of collaboration within the management of our restaurants to facilitate the continuous development of "best practices" regarding guest service, cost control and growth opportunities. In both our United States and Brazilian operations, our general managers meet each week to discuss performance and opportunities for improvement.