UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 1, 2017

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: 001-37450

FOGO DE CHAO, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**45-5353489**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
14881 Quorum Drive Suite 750 Dallas, TX	**75254**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (972) 960-9533

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑ (Do not check if a small reporting company)	Small reporting company	☐
Emerging growth company	☑		

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

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

As of November 3, 2017 the registrant had 28,253,038 shares of common stock, $0.01 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Fogo de Chão, Inc.

Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share and par value amounts)

	October 1, 2017	January 1, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 35,123	$ 31,275
Accounts receivable	7,301	10,082
Other receivables	1,779	1,460
Inventories	4,579	4,647
Prepaid expenses and other current assets	5,196	3,763
Total current assets	53,978	51,227
Property and equipment, net	170,329	158,850
Prepaid rent	719	772
Goodwill	210,104	211,150
Intangible assets, net	96,451	95,951
Liquor licenses	1,184	1,184
Other assets	3,067	2,917
Deferred tax assets	57	344
Total assets(a)	$ 535,889	$ 522,395
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 30,108	$ 29,457
Deferred revenue	5,040	6,344
Total current liabilities	35,148	35,801
Deferred rent	22,830	19,781
Long-term debt, less current portion	143,000	150,000
Other noncurrent liabilities	2,103	2,116
Deferred taxes	23,267	21,838
Total liabilities(a)	226,348	229,536
Commitments and contingencies (Note 12)		
Equity:		
Fogo de Chão, Inc. shareholders' equity:		
Preferred stock, $0.01 par value, 15,000,000 shares authorized, no shares issued and outstanding as of October 1, 2017 and January 1, 2017, respectively	—	—
Common stock, $0.01 par value, 200,000,000 shares authorized, 28,235,337 and 28,211,586 shares issued and outstanding as of October 1, 2017 and January 1, 2017, respectively	282	282
Additional paid-in capital	275,873	275,237
Accumulated earnings	73,050	59,888
Accumulated other comprehensive loss	(41,614)	(44,763)
Total Fogo de Chão, Inc. shareholders' equity	307,591	290,644
Noncontrolling interests	1,950	2,215
Total equity	309,541	292,859
Total liabilities and equity	$ 535,889	$ 522,395

(a) Consolidated assets as of October 1, 2017 and January 1, 2017 include total assets of $2,932 and $2,991, respectively, attributable to a consolidated joint venture that can only be used to settle the obligations of the joint venture. Consolidated liabilities as of October 1, 2017 and January 1, 2017 include total liabilities of $531 and $403 attributable to the consolidated joint venture. See Note 6.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Fogo de Chão, Inc.

Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income
(in thousands, except share and per share amounts)

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Revenues:				
Revenue restaurant sales	$ 71,199	$ 68,996	$ 225,266	$ 207,362
Other revenue	205	16	251	57
Total revenues	71,404	69,012	225,517	207,419
Restaurant operating costs:				
Food and beverage costs	21,313	20,118	65,073	59,539
Compensation and benefit costs	17,937	16,321	54,683	48,330
Occupancy and other operating expenses (excluding depreciation and amortization)	15,188	13,575	45,306	39,199
Total restaurant operating costs	54,438	50,014	165,062	147,068
Marketing and advertising costs	1,963	1,705	5,956	5,116
General and administrative costs	5,286	4,975	16,918	15,384
Pre-opening costs	377	1,081	2,410	2,113
Depreciation and amortization	4,792	3,962	14,092	11,590
Other operating (income) expense, net	12	38	344	(166)
Total costs and expenses	66,868	61,775	204,782	181,105
Income from operations	4,536	7,237	20,735	26,314
Other income (expense):				
Interest expense, net of capitalized interest	(1,299)	(1,087)	(3,709)	(3,307)
Interest income	587	648	1,909	1,534
Other income (expense), net	—	(11)	12	(14)
Total other income (expense), net	(712)	(450)	(1,788)	(1,787)
Income before income taxes	3,824	6,787	18,947	24,527
Income tax expense	1,305	2,295	6,195	7,977
Net income	2,519	4,492	12,752	16,550
Less: Net loss attributable to noncontrolling interest	(190)	(87)	(410)	(189)
Net income attributable to Fogo de Chão, Inc.	$ 2,709	$ 4,579	$ 13,162	$ 16,739
Net income	$ 2,519	$ 4,492	$ 12,752	$ 16,550
Other comprehensive income (loss):				
Currency translation adjustment	4,127	(1,380)	3,467	14,735
Total other comprehensive income (loss)	$ 4,127	$ (1,380)	$ 3,467	$ 14,735
Comprehensive income	6,646	3,112	16,219	31,285
Less: Comprehensive loss attributable to noncontrolling interest	(204)	(227)	(92)	(483)
Comprehensive income attributable to Fogo de Chão, Inc.	$ 6,850	$ 3,339	$ 16,311	$ 31,768
Earnings per common share attributable to Fogo de Chão, Inc.:				
Basic	$ 0.10	$ 0.16	$ 0.47	$ 0.60
Diluted	$ 0.09	$ 0.16	$ 0.46	$ 0.58
Weighted average common shares outstanding:				
Basic	28,234,889	28,119,343	28,220,449	28,094,437
Diluted	28,793,488	28,743,358	28,840,234	28,846,382

The accompanying notes are an integral part of these condensed consolidated financial statements.

Fogo de Chão, Inc.

Unaudited Condensed Consolidated Statement of Shareholders' Equity
(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive Loss	Fogo de Chão, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
January 3, 2016	28,069,466	$ 281	$ 274,344	$ 35,451	$ (59,465)	$ 250,611	$ 1,943	$252,554
Net income (loss)	—	—	—	16,739	—	16,739	(189)	16,550
Restricted shares vested	43,864	—	—	—	—	—	—	—
Stock option exercise	12,423	—	101	—	—	101	—	101
Share-based compensation	—	—	620	—	—	620	—	620
Currency translation adjustment	—	—	—	—	15,029	15,029	(294)	14,735
Contributions from noncontrolling interests	—	—	—	—	—	—	1,813	1,813
Distributions to noncontrolling interests	—	—	—	—	—	—	(674)	(674)
October 2, 2016	28,125,753	$ 281	$ 275,065	$ 52,190	$ (44,436)	$ 283,100	$ 2,599	$285,699
Net income	—	—	—	7,698	—	7,698	14	7,712
Restricted shares vested	85,833	1	—	—	—	1	—	1
Share-based compensation	—	—	172	—	—	172	—	172
Currency translation adjustment	—	—	—	—	(327)	(327)	(147)	(474)
Contributions from noncontrolling interests	—	—	—	—	—	—	12	12
Distributions to noncontrolling interests	—	—	—	—	—	—	(263)	(263)
January 1, 2017	28,211,586	$ 282	$ 275,237	$ 59,888	$ (44,763)	$ 290,644	$ 2,215	$292,859
Net income (loss)	—	—	—	13,162	—	13,162	(410)	12,752
Restricted shares vested	3,384	—	—	—	—	—	—	—
Stock option exercise	20,367	—	219	—	—	219	—	219
Share-based compensation	—	—	417	—	—	417	—	417
Currency translation adjustment	—	—	—	—	3,149	3,149	318	3,467
Contributions from noncontrolling interests	—	—	—	—	—	—	8	8
Distributions to noncontrolling interests	—	—	—	—	—	—	(181)	(181)
October 1, 2017	28,235,337	$ 282	$ 275,873	$ 73,050	$ (41,614)	$ 307,591	$ 1,950	$309,541

The accompanying notes are an integral part of these condensed consolidated financial statements.

Fogo de Chão, Inc.

Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Thirty-Nine Week Periods Ended	
	October 1, 2017	**October 2, 2016**
Cash flows from operating activities:		
Net income	$ 12,752	$ 16,550
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation of property and equipment	13,934	11,391
Amortization of definite-lived intangibles	158	199
Amortization of favorable/unfavorable leases	(120)	(141)
Amortization of debt issuance costs	433	433
Deferred income taxes	4,131	5,634
Share-based compensation expense	417	620
Net (gain) loss on disposal of property and equipment	267	115
Changes in operating assets and liabilities:		
Accounts and other receivables	2,614	4,326
Prepaid expenses and other assets	(928)	(1,671)
Inventories	133	434
Accounts payable and accrued expenses	104	(2,314)
Income taxes payable, net of receivables/prepayments	(690)	176
Accrued interest	4	(31)
Deferred revenue	(1,317)	(629)
Deferred rent and tenant allowance	3,304	1,597
Net cash flows provided by operating activities	35,196	36,689
Cash flows from investing activities:		
Purchase liquor licenses	—	(442)
Capital expenditures	(25,247)	(25,159)
Proceeds from sale of assets	80	—
Net cash flows used in investing activities	(25,167)	(25,601)
Cash flows from financing activities:		
Repayments, 2015 Credit Facility	(7,000)	(10,000)
Proceeds from stock option exercises	219	101
Contributions from noncontrolling interest	8	1,813
Distributions to noncontrolling interest	(181)	(674)
Net cash flows used in financing activities	(6,954)	(8,760)
Effect of foreign exchange rates on cash and cash equivalents	773	2,818
Net increase in cash and cash equivalents	3,848	5,146
Cash and cash equivalents at beginning of period	31,275	24,919
Cash and cash equivalents at end of period	$ 35,123	$ 30,065
Supplemental disclosure of cash flow information:		
Cash paid during the period:		
Interest paid, net of amounts capitalized	$ 3,272	$ 2,863
Income taxes, net of refunds	$ 2,519	$ 2,261
Non-cash activities:		
Capital expenditures included in accounts payable and accrued expenses	$ 4,745	$ 3,528

The accompanying notes are an integral part of these condensed consolidated financial statements.

Fogo de Chão, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements
(in thousands, except share and per share amounts)

1. Description of Business

Fogo de Chão, Inc. and its subsidiaries (the "Company") operate upscale Brazilian *churrascaria* steakhouses under the brand of Fogo de Chão. As of October 1, 2017, the Company operated, through its subsidiaries, 36 restaurants in the United States (including one restaurant in the US Territory of Puerto Rico), 9 restaurants in Brazil, two joint venture restaurants in Mexico and one joint venture restaurant in the Middle East.

Fogo de Chão, Inc. is a holding company with no assets or operations of its own. The Company owns 100% of Brasa (Purchaser) Inc. ("Brasa Purchaser"), which owns Brasa (Holdings) Inc. ("Brasa Holdings"). Brasa Holdings owns Fogo de Chão (Holdings) Inc. ("Fogo Holdings"), which owns the Company's domestic and foreign operating subsidiaries.

On May 17, 2017, the Company completed a secondary offering of 5,175,000 shares of common stock, which included 675,000 shares sold to the underwriters pursuant to their over-allotment option. All of these shares were offered by certain selling stockholders. The Company did not receive any proceeds from the offering. The Company incurred $715 of costs attributable to this offering. These offering costs are included in general and administrative costs in the consolidated statements of operations for the thirty-nine week period ended October 1, 2017.

2. Basis of Presentation

Interim Financial Statements

Certain information and footnote disclosures normally included in audited consolidated financial statements presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission (the "SEC"). Due to the seasonality of the Company's business, results for any interim financial period are not necessarily indicative of the results that may be achieved for a full fiscal year. In addition, quarterly results of operations may be impacted by the timing and amount of sales and costs associated with the opening of new restaurants as well as the timing of traditional and special occasion holidays. These interim unaudited consolidated financial statements do not represent complete financial statements and should be read in conjunction with the Company's annual financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2017. While the condensed consolidated balance sheet data as of January 1, 2017 was derived from audited financial statements, it does not include all disclosures required by GAAP. The unaudited interim financial statements have been prepared on the same basis as the audited annual financial statements, and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair statement of the results for the interim periods presented.

Out of Period Adjustment

During the third quarter of Fiscal 2017, the Company identified and corrected an immaterial error related to the omission of two restaurants' tax basis from the 2012 opening balance sheet deferred tax liability and goodwill balances. This adjustment resulted in a decrease to the Company's goodwill balance and a decrease to the deferred tax liability in the amount of $2,415. The cumulative effect of the remaining tax basis differences as of October 1, 2017, totaling $197 and arising in Fiscal years 2013 and 2014, was recorded as a reduction to the deferred tax liability, and a reduction to income tax expense, during the third quarter of Fiscal 2017 as a discrete item.

Based on an analysis of Accounting Standards Codification ("ASC") 250 - "Accounting Changes and Error Corrections" ("ASC 250"), Staff Accounting Bulletin 99 - "Materiality" ("SAB 99") and Staff Accounting Bulletin 108 - Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements ("SAB 108"), the Company determined that this error was not material to any of the Company's prior annual and quarterly consolidated financial statements based upon quantitative and qualitative factors, and therefore, amendments of previously filed reports were not required. As such, an adjustment for the correction is reflected in the October 1, 2017 financial information in this Form 10-Q.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities and results of operations of the Company, as well as consolidated joint ventures for which the Company has determined that it is the primary beneficiary. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

Accounting Year

The Company uses a 52/53 week fiscal year convention whereby its fiscal year ends each year on the Sunday that is closest to December 31 of that year. Each fiscal year generally is comprised of four 13-week fiscal quarters, although in the years with 53 weeks the fourth quarter represents a 14-week period. Fiscal 2017 will include 52 weeks of operations. Fiscal 2016 included 52 weeks of operations.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions, such as the valuation of long-lived, definite and indefinite-lived assets, estimated useful lives of assets, the reasonably assured lease terms of operating leases, valuation of the workers' compensation and Company-sponsored employee health insurance program liabilities, the fair value of share-based compensation, and deferred tax valuation allowances, 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Capitalized Interest

Direct and certain related indirect costs of construction, including interest, are capitalized in conjunction with construction and development projects. These costs are included in property and equipment and are amortized over the life of the related building and leasehold interest. The Company capitalized $25 and $77 of interest during the thirteen and thirty-nine week periods ended October 1, 2017, respectively, and capitalized $31 and $52 of interest during the thirteen and thirty-nine week periods October 2, 2016, respectively.

Fair Value

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Authoritative guidance for fair value measurements establishes a hierarchy that prioritizes the inputs to valuation models based upon the degree to which they are observable. The three levels of the fair value measurement hierarchy are as follows:

Level 1: Inputs represent quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Inputs (other than quoted prices included in Level 1) that are either directly or indirectly observable or the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3: Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

As of October 1, 2017 and January 1, 2017, the fair value of cash and cash equivalents, accounts and other receivables, inventories, accounts payable and accrued expenses approximated their carrying value due to their short-term nature. The carrying amounts of the long-term debt approximate fair value as interest rates vary with the market interest rates and negotiated terms and conditions are consistent with current market terms (Level 2).

Revenue

Revenue from restaurant sales is recognized when food and beverage products are sold and is presented net of employee meals and complimentary meals. Proceeds from the sale of gift cards that do not have expiration dates are recorded as deferred revenue at the time of the sale and recognized as revenue when the gift card is redeemed by the holder. The portion of gift cards sold which are never redeemed is commonly referred to as gift card breakage. The Company recognizes gift card breakage revenue for gift cards when the likelihood of redemption becomes remote and the Company determines there is no legal obligation to remit the value of the unredeemed gift cards to governmental agencies. The Company estimates the gift card breakage rate based upon the pattern of historical redemptions. The Company recognized $19 and $65 of gift card breakage revenue during the thirteen and thirty-nine week periods ended October 1, 2017, respectively, and $16 and $57 of gift card breakage revenue during the thirteen and thirty-nine week periods ended October 2, 2016, respectively. Gift card breakage revenue is included in other revenue in the consolidated statements of operations and comprehensive income.

Insurance Reserves

The Company self-insures for certain losses related to workers' compensation claims and Company-sponsored employee health insurance programs. The Company estimates the accrued liabilities for all self-insurance programs at the end of each reporting period. The Company's estimate is based on a number of assumptions and factors, including historical trends and actuarial assumptions. The Company engages a third party actuary to assist it in estimating its liability for workers' compensation claims. The Company accrues the estimated liability for workers' compensation claims discounted based on the cash flow estimates provided by the actuary. The Company believes that applying a discount to the estimated future cash flows provided by the actuarial analysis results in a more accurate estimate of the liability.

The Company's estimated liability for workers' compensation claims was $1,824 and $1,747 as of October 1, 2017 and January 1, 2017, respectively, calculated based on a discounted cash flow basis. The undiscounted liability was approximately $1,900 as of October 1, 2017 and as of January 1, 2017, respectively. The estimated current portion of $732 and $649 as of October 1, 2017 and January 1, 2017, respectively, is included in accounts payable and accrued expenses in the consolidated balance sheet. The estimated non-current portion is included in other non-current liabilities.

The estimated liability for all other self-insurance programs is not discounted and is based on a number of assumptions and factors, including historical trends and actuarial assumptions. The accrued liability attributable to these other self-insurance programs was $366 and $347 as of October 1, 2017 and January 1, 2017, respectively, and is included in accounts payable and accrued expenses in the consolidated balance sheets.

To limit exposure to losses, the Company maintains stop-loss coverage through third-party insurers with a deductible of $250 per claim.

Variable Interest Entities ("VIEs")

The Company consolidates VIEs in which the Company is deemed to have a controlling interest as a result of the Company having both the power to direct the activities that significantly impact the entity's economic performance and the right to receive the benefits that could potentially be significant to the VIE. If the Company has a controlling interest in a VIE, the assets, liabilities, and results of the operations of the variable interest entity are included in the consolidated financial statements.

Segment Reporting

Fogo de Chão, Inc. owns and operates full-service, Brazilian steakhouses in the United States and Brazil using a single restaurant concept and brand. Each restaurant under the Company's single global brand operates with similar types of products and menu, providing a continuous service style, and similar contracts, customers and employees, irrespective of location. ASC 280, *"Segment Reporting"* requires use of the *"management approach"* model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company's segments consist of two operating segments: United States and Brazil. The Company's joint venture in Mexico is included in the United States for segment reporting purposes as the operations of the joint venture are monitored by the United States segment management.

Concentration Risk

The Company relies on one supplier for substantially all of its beef purchases for its operations in the US. However, the Company believes the products purchased through this supplier are widely available at similar prices from multiple suppliers. The Company does not anticipate any significant risk to its business in the event that this supplier is no longer available to provide goods or services. However, a change in suppliers could potentially result in different costs. We do not have any supply agreements or distribution agreements in Brazil that have concentration on one vendor.

4. Recent Accounting Standards

Effect of New Accounting Standards

Recent accounting pronouncements not included below are not expected to have a material impact on the Company's consolidated financial position or results of operations.

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*." The core principle of the standard is that an entity recognizes 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. This ASU will replace most existing revenue recognition guidance in GAAP. New qualitative and quantitative disclosure requirements aim to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This ASU permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, "*Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*," which defers the effective date of ASU 2014-09 by one-year for all entities. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. Additionally, in March 2016, the FASB issued ASU 2016-08, "*Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*," in April 2016, the FASB issued ASU 2016-10, "*Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*," and in May 2016, the FASB issued ASU 2016-12, "*Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*," all of which provide additional clarification on certain topics addressed in ASU 2014-09. This guidance will be effective for annual reporting periods beginning after December 15, 2017, including interim periods therein. Early adoption is permitted for annual reporting periods beginning after December 15, 2016, including interim periods therein. The Company expects to adopt the new standard using the modified retrospective approach for the fiscal year ended December 30, 2018. The Company does not expect the adoption to have an impact on revenue from restaurant sales and does not expect a material impact related to recognition of gift card breakage. The Company is currently evaluating the impact of adoption on the recognition of license fee and other income related to the Company's joint ventures.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*." The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*," which provides financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this, the amendments in this ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The measurement of expected credit losses will be based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The amendments in this ASU will be applied using a modified-retrospective approach and, for public entities, are effective for fiscal years beginning after December 15, 2019 and interim periods within those annual periods. Early adoption is permitted for fiscal years beginning after December 15, 2018 and interim periods within those annual periods. The Company has not yet evaluated the impact the adoption of this standard will have on its consolidated financial statements.

(in thousands, except share and per share amounts)

In August 2016, the FASB issued ASU 2016-15, "*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*," which clarifies and provides specific guidance on eight cash flow classification issues that are not currently addressed by current GAAP. ASU 2016-15 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2017, and early adoption is permitted. The Company has not yet evaluated the impact the adoption of this standard will have on its consolidated statement of cash flows.

In January 2017, the FASB issued ASU 2017-04, "*Intangibles - Goodwill and Other (Topic 350)*." ASU 2017-04 simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual, or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. A goodwill impairment will be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The amendment should be applied on a prospective basis. ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company has not yet evaluated the impact the adoption of this standard will have on its consolidated financial statements.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	October 1, 2017	January 1, 2017
Accounts payable	$ 8,346	$ 10,080
Accrued capital expenditures	4,744	4,807
Deferred rent (current)	706	496
Payroll and payroll related	8,750	6,488
Interest payable	39	34
Sales and beverage taxes payable	1,765	2,634
Self-insurance reserves (current)	1,098	996
Income and other taxes payable	2,091	1,614
Other accrued expenses	2,569	2,308
Total	$ 30,108	$ 29,457

6. Joint Ventures

Mexico

On July 1, 2014, the Company entered into a joint venture agreement with a non-related party ("Mexican JV Partner," and together with the Company, the "Parties"), to form JV Churrascaria Mexico, S. de R.L. de C.V. (the "Mexican JV"), for the purposes of jointly developing, constructing and operating Brazilian style steakhouses under the "Fogo de Chão" name in certain locations in Mexico. Pursuant to the joint venture agreement, the Company owns 51% of the ownership interests in the joint venture and is entitled to receive 50% of the profits of the joint venture after the Parties recoup their initial contributions. The Company is also entitled to a license fee equal to a percentage of the annual gross revenue of each restaurant developed, constructed or operated by the Mexican JV.

The Company determined that it is the primary beneficiary of the joint venture since the Company will have the power to direct activities that significantly impact the entity on a day-to-day basis. These activities include, but are not limited to having an affirmative vote over key operating decisions of the joint venture.

Fogo Holdings recognized $33 and $100 in license fee income during the thirteen and thirty-nine week periods ended October 1, 2017, respectively, and recognized $26 and $82 in license fee income during the thirteen and thirty-nine week periods ended October 2, 2016, respectively. This income, and the related expense recognized by the Mexican JV, are eliminated in consolidated net income. The license fee expense, recognized by the Mexican JV, is included in net loss attributable to the noncontrolling interest. The license fee income, recognized by Fogo Holdings, is included in net income attributable to Fogo de Chão, Inc.

(in thousands, except share and per share amounts)

Net loss attributable to the Mexican JV for the thirteen and thirty-nine week periods ended October 1, 2017 and October 2, 2016, have been allocated to the Company's joint venture partner in accordance with the terms of the joint venture agreement. The assets of the consolidated joint venture are restricted for use only by the joint venture and are not available for the Company's general operations.

The following table presents the consolidated assets and liabilities of the Mexican JV included within the Company's consolidated balance sheets as of October 1, 2017 and January 1, 2017, respectively.

	October 1, 2017	January 1, 2017
Cash and cash equivalents	$ 46	$ 43
Accounts receivable	68	43
Inventories	127	117
Prepaid expenses and other assets	759	835
Property and equipment, net	1,890	1,912
Deferred tax assets, noncurrent	42	41
Total assets	$ 2,932	$ 2,991
Accounts payable and accrued expenses	$ 610	$ 540
Total liabilities	610	540
Fogo de Chão, Inc. investment in joint venture	372	236
Noncontrolling interest	1,950	2,215
Total owners' equity	2,322	2,451
Total liabilities and owners' equity	$ 2,932	$ 2,991

Accounts payable includes $79 and $137 due to the Company as of October 1, 2017 and January 1, 2017, respectively, and is eliminated in consolidation.

Middle East

During the first quarter of Fiscal 2015, a wholly-owned subsidiary of the Company entered into a shareholders agreement with a non-related party to form FD Restaurants Ltd., a Cayman Islands exempted company (the "Middle East JV"), for the purposes of jointly developing, constructing and operating Brazilian style steakhouses under the "Fogo de Chão" name in certain locations in the United Arab Emirates, Qatar, Kuwait, Oman, Bahrain, the Kingdom of Saudi Arabia and Lebanon. Pursuant to the agreement, the Company will own 51% of the ownership interests in the Middle East JV and will be entitled to receive 50% of the profits of the Middle East JV after the parties recoup their initial contributions. The Company will be entitled to a license fee equal to a percentage of the annual gross revenue of each restaurant developed, constructed or operated by the Middle East JV. The Company will also be entitled to a store opening fee upon each restaurant opening to the public, as well as a country development fee for the first restaurant opened in each designated country. Payment of the store opening fee and master country development fee are paid for out of the profits of the Middle East JV through distributions. Distributions are to be made proportionately, based upon each shareholder's contribution in the Middle East JV, until each shareholder's contribution is equal. Thereafter, distributions will be shared equally. The Company accounts for its investment in the Middle East JV under the equity method as it has determined that it does not have a controlling interest in the Middle East JV since the Company will not have the power to direct activities that significantly impact the Middle East JV on a day-to-day basis, but does have the ability to exercise significant influence.

In August 2017, the Middle East JV opened its first restaurant in Jeddah in the Kingdom of Saudi Arabia. The Company recognized $36 in license fee revenue, a $75 store opening fee and $75 related to the country development fee related to the opening of the restaurant in Saudi Arabia, during the thirteen and thirty-nine weeks ended October 1, 2017. The receivable for the store opening fee and country development fee is included in other assets (noncurrent) in the consolidated balance sheet as collection could be recognized over a period longer than twelve months. License fee revenue, store opening fee and country development fee revenue attributable to the Middle East JV is included in other revenue in the consolidated statements of operations and comprehensive income.

(in thousands, except share and per share amounts)

7. Long-Term Debt

Long-term debt consists of the following:

	October 1, 2017	January 1, 2017
2015 Credit Facility:		
Revolving Credit Facility	$ 143,000	$ 150,000
	143,000	150,000
Less: Current portion of long-term debt	—	—
Long-term debt, less current portion	$ 143,000	$ 150,000

The 2015 Credit Facility provides for (i) a $250,000 revolving credit facility (the "Revolving Credit Facility") and (ii) incremental facilities that may include (A) one or more increases to the amount available under the Revolving Credit Facility, (B) the establishment of one or more new revolving credit commitments and/or (C) the establishment of one or more term loan commitments. The loans under the Revolving Credit Facility mature on June 24, 2020.

The Borrower and its restricted subsidiaries are subject to affirmative, negative and financial covenants, and events of default customary for facilities of this type (with customary grace periods, as applicable, and lender remedies). The Borrower is required to maintain two financial covenants, including a maximum Total Rent Adjusted Leverage Ratio, as that term is defined in the 2015 Credit Facility (at levels that may vary by quarter until maturity), and a minimum Consolidated Interest Coverage Ratio, as that term is defined in the 2015 Credit Facility. The Company was in compliance with each of these covenants as of October 1, 2017 and as of January 1, 2017.

Because the Company is not required to make principal payments on any outstanding balance under the Revolving Credit Facility until June 24, 2020, any outstanding balance is reported as non-current in the Company's consolidated balance sheet as a component of long-term debt.

As of October 1, 2017, the Company had seven letters of credit outstanding for a total of $5,664 and $101,336 of available borrowing capacity under the 2015 Credit Facility.

Debt Issuance Costs

Debt issuance costs are amortized to interest expense over the term of the debt using the straight-line rate method for revolving debt over the terms of the related instruments. Remaining unamortized debt issuance costs were $1,586 and $2,019 as of October 1, 2017 and January 1, 2017, respectively, and are included in other assets (noncurrent) in the consolidated balance sheets.

8. Share-Based Compensation

The Company recorded share-based compensation expense related to stock options and restricted stock in the following expense categories in its statements of operations and comprehensive income:

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Restaurant operating costs	$ 26	$ 62	$ 93	$ 41
General and administrative costs	92	146	324	579
Total	$ 118	$ 208	$ 417	$ 620

On September 29, 2017, the Company granted 58,415 shares of restricted stock with a grant date fair value of $12.40 per share. These restricted stock awards will vest one-third on each of the first three anniversaries of the grant date.

As of October 1, 2017, the Company had an aggregate of $420 of unrecognized share-based compensation cost related to outstanding stock options, which is expected to be recognized over a weighted average period of 2.0 years.

(in thousands, except share and per share amounts)

As of October 1, 2017, the Company had an aggregate of $800 of unrecognized share-based compensation cost related to outstanding restricted common stock, which is expected to be recognized over a weighted average period of 2.9 years.

Shares Available

As of October 1, 2017, 302,572 and 1,009,473 shares remained available for future issuance under the Brasa (Parent) Inc. 2012 Omnibus Equity Incentive Plan and the Fogo de Chão, Inc. 2015 Omnibus Incentive Plan, respectively.

9. Employee Benefit Plans

Deferred Compensation Plan – Effective July 1, 2016, the Company implemented a non-qualified deferred compensation plan. The deferred compensation plan is intended to provide current tax planning opportunities and supplemental funds upon retirement or death for certain key employees designated and approved by the Company to be eligible to participate in the deferred compensation plan. The deferred compensation plan enables its participants with the opportunity to voluntarily elect to defer the timing of payment of base salary and/or bonuses. Deferred compensation liability is $429 and $227 as of October 1, 2017 and January 1, 2017, respectively, and is included in other noncurrent liabilities in the consolidated balance sheets.

10. Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to Fogo de Chão, Inc. by the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is calculated by dividing net income attributable to Fogo de Chão, Inc. by the weighted average number of shares of common stock outstanding adjusted to give effect to potentially dilutive securities determined using the treasury stock method. Potentially dilutive securities include shares of common stock underlying stock options and unvested restricted stock. The following table sets forth the computations of basic and dilutive earnings per share:

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Net income attributable to Fogo de Chão, Inc.	$ 2,709	$ 4,579	$ 13,162	$ 16,739
Basic weighted average shares outstanding	28,234,889	28,119,343	28,220,449	28,094,437
Effect of dilutive securities:				
Unvested restricted stock	19,603	104,723	18,843	126,081
Stock options	538,996	519,292	600,942	625,864
Diluted weighted average number of shares outstanding	28,793,488	28,743,358	28,840,234	28,846,382
Basic earnings per share	$ 0.10	$ 0.16	$ 0.47	$ 0.60
Diluted earnings per share	$ 0.09	$ 0.16	$ 0.46	$ 0.58

The following table sets forth the potentially dilutive securities outstanding during the thirteen and thirty-nine week periods ended October 1, 2017 and October 2, 2016, that were not included in the computation of earnings per share because their effect was antidilutive:

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Stock options	668,177	685,355	669,221	713,033
Nonvested restricted stock	1,905	4,455	1,567	2,228

11. Income Taxes

The Company estimated its annual effective tax rate to be applied to the results of the thirty-nine week periods ended October 1, 2017 and October 2, 2016 for purposes of determining its year-to-date tax expense. The determination of the Company's overall effective tax rate requires the use of estimates. The effective tax rate reflects the income earned and taxed in various United States and foreign jurisdictions. Tax law changes, increases and decreases in permanent differences between book and tax items, tax credits and the Company's change in income in each jurisdiction all affect the overall effective tax rate.

The Company recognized income tax expense of $1,305 (consolidated effective tax rate of 34.1%) and $6,195 (consolidated effective tax rate of 32.7%) for the thirteen and thirty-nine weeks ended October 1, 2017, respectively, and $2,295 (consolidated effective tax rate of 33.8%) and $7,977 (consolidated effective tax rate of 32.5%) for the thirteen and thirty-nine week periods ended October 2, 2016, respectively. During the first and second quarters of Fiscal 2017, the Company recognized discrete tax benefits of $153 and $62, respectively, resulting from refunds received related to prior year state and local income tax returns. During the third quarter of Fiscal 2017, the Company identified an error in the accounting for a prior period business acquisition resulting from the omission of tax basis related to two of its restaurants that were under construction at the time of the acquisition. The Company corrected this error in the third quarter of Fiscal 2017, which resulted in a $2,415 adjustment decreasing net deferred tax liabilities and goodwill and the recognition of a discrete tax benefit of $197. During the third quarter of Fiscal 2017, the Company evaluated both positive and negative evidence related to the operations in Puerto Rico and determined that it does not believe it is more likely than not that its deferred tax assets will be utilized in the foreseeable future. As a result, a valuation allowance was recorded and the net impact resulted in a discrete tax expense of $199 in the quarter. Discrete tax items recognized during the thirteen-week period ended October 1, 2017, impacted the consolidated effective tax rate by less than 0.1%. For the thirty-nine week period ended October 1, 2017, discrete tax items (net benefit) positively impacted the consolidated effective tax rate by 1.1%. The Company's consolidated effective tax rate varies from the federal statutory rate of 35% primarily due to FICA tip credits, statutory tax rate differential between foreign jurisdictions and the US, subpart F income, nondeductible expenses, valuation allowance, and state taxes.

The Company had historically provided deferred taxes under ASC 740-30-25, formerly APB 23, for the presumed repatriation to the US earnings from the Company's Brazilian subsidiaries. In June 2015, the Company asserted that undistributed net earnings of its Brazilian subsidiaries would be indefinitely reinvested in operations outside the US. This change in assertion was primarily driven by a reduction in debt service costs on a forward basis, future US cash projections and the Company's intent to continue investing in restaurants in foreign jurisdictions with cash generated in those jurisdictions. In 2016, the Company effectuated an internal restructuring whereby it created a new Dutch holding company, FDC Netherlands Cooperatief U.A. ("Fogo COOP") and contributed all of its Brazilian subsidiaries down below Fogo COOP and then made contemporaneous check-the-box elections to treat these subsidiaries as disregarded entities or branches of Fogo COOP. For US federal income tax purposes, this transaction was structured as a tax-free reorganization under section 368(a)(1)(D) or (F). Following, the internal restructuring, Fogo COOP is treated as the regarded or separate legal entity for US federal income tax purposes and the Brazilian entities are branches or divisions of Fogo COOP. Consequently, income or losses earned by the Brazilian entities are deemed to be earned by Fogo COOP for US federal income tax purposes.

The Company considers the undistributed earnings related to Fogo COOP (and indirectly the earnings of its Brazilian disregarded entities as well as the earnings related to its majority interest in its Mexican joint ventures) to be indefinitely reinvested and are expected to continue to be indefinitely reinvested. Accordingly, no provision for US income and additional foreign taxes has been recorded on aggregate undistributed earnings of $48,847 as of October 1, 2017. If there is a change in assertion regarding indefinite or permanent reinvestment of the undistributed earnings of the Company's Dutch subsidiary, the Company would record a deferred tax liability attributable to those undistributed earnings in the amount of approximately $17,000. As of October 1, 2017, $28,348 in cash and cash equivalents is held indirectly in Brazil by Fogo COOP's Brazilian disregarded entities, and $3,153 in cash and cash equivalents is held directly in the Netherlands by Fogo COOP, which could be subject to additional taxes if repatriated to the US.

12. Commitments and Contingencies

Lease Commitments

The Company leases its corporate office and various of its restaurant locations under non-cancelable operating leases. These leases have initial lease terms of between ten and twenty years and generally can be extended in five-year increments. These leases generally provide for minimum annual rental payments that are subject to periodic escalations that are fixed or in some cases, based upon increases in specific inflation indexes as stipulated in the non-cancelable operating lease.

(in thousands, except share and per share amounts)

Certain lease arrangements have contingent rental payments based on net sales thresholds per the lease agreement. Accrued liability for contingent rent was $165 and $197 as of October 1, 2017 and January 1, 2017, respectively. These balances are included in accounts payable and accrued expenses in the consolidated balance sheets.

Future minimum lease payments for non-cancelable leases (excluding contingent rental payments) are as follows:

2017 (remaining)	$	5,335
2018		22,183
2019		21,769
2020		21,383
2021		20,925
2022		19,419
Thereafter		86,184
Total	$	197,198

The following table presents the components of rent expense, attributable to non-cancelable operating leases for the Company's corporate office and restaurant locations, for the thirteen and thirty-nine week periods ended October 1, 2017 and October 2, 2016. Favorable lease assets and liabilities are amortized to rent expense on a straight-line basis over each respective operating lease term. The amortization of favorable lease assets increases rent expense, while the amortization of unfavorable lease liabilities decreases rent expense.

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Rent expense	$ 6,128	$ 5,457	$ 17,718	$ 15,336
Contingent rent expense	71	55	247	154
Amortization lease assets	(28)	(46)	(120)	(141)
Total rent expense	$ 6,171	$ 5,466	$ 17,845	$ 15,349

Litigation

The Union of Workers in Hotels, Apart-Hotels, Motels, Flats, Restaurants, Bars, Snack Bars and Similar in São Paulo and the Region (the "Union of Workers") brought claims in 2011 on behalf of certain employees of one of the Company's São Paulo restaurants asserting that the restaurant charged mandatory tips and did not properly calculate compensation payable to or for the benefit of those employees. The claims were initially dismissed in 2011 but the Union of Workers pursued various appeals of its claims. A regional labor court rendered a decision in 2014 that partially granted one of the Union of Workers appeals and ordered the restaurant to make unquantified payments based on its determination that the restaurant charged mandatory tips. At that time, the restaurant recorded a reserve of R$100 (Brazilian Real), the amount established by the judge for the calculation of court fees. The restaurant appealed to the superior labor court, which did not grant the appeal. The decision of the regional labor court became final in November 2015 and the claims were remitted to the first labor court. The Company entered into an agreement with the Union of Workers to resolve the claims; the labor court judge signed on May 23, 2017 an order approving the agreement. The Union of Workers also represents certain employees of our other four locations in São Paulo. The Union of Workers negotiated a new collective agreement applicable for the period 2015 through 2017. Based on the terms of the new agreement, the Company believes that the Union of Workers should not now be able to assert the same claims on behalf of employees of the four São Paulo restaurants that were not covered by the prior decision. Nonetheless, in light of the inherent uncertainties involved in Brazilian labor matters, there can be no assurance that the Union of Workers will not pursue such claims and, if so, that such claims would be rejected; an adverse outcome could materially and adversely affect the Company's financial condition, results of operations or cash flows in any particular reporting period.

The Company is currently involved in various other claims, investigations and legal actions that arise in the ordinary course of its business, including claims and investigations resulting from employment-related matters. None of these matters, many of which are covered by insurance, has had a material effect on the Company. The Company is not party to any material pending legal proceedings and is not aware of any claims that could have a material adverse effect on its business, financial condition, results of operations or cash flows. However, a significant increase in the number of these claims or an increase in amounts owing under successful claims could materially and adversely affect the Company's business, financial condition, results of operations or cash flows.

(in thousands, except share and per share amounts)

13. Segment Reporting

The Company owns and operates full-service Brazilian steakhouses in the United States and Brazil under the brand name Fogo de Chão. Each restaurant operates with similar types of products and menus, providing a continuous service style, irrespective of location. Sales from external customers are derived principally from food and beverage sales, and the Company does not rely on any major customers as a source of sales. The Company's joint venture in Mexico is included in the United States for segment reporting purposes as the operations of the joint venture are monitored by the United States segment management.

The Company's chief operating decision maker evaluates segment performance using restaurant contribution, which is not a measure defined by GAAP. Restaurant contribution is a key metric used by the Company to evaluate the profitability of incremental sales at its restaurants, to evaluate restaurant performance across periods and to evaluate restaurant financial performance compared with competitors. Restaurant contribution is calculated as revenue from restaurant sales less restaurant operating costs (which includes food and beverage costs, compensation and benefits costs and occupancy and other operating costs but excludes depreciation and amortization expense).

The following table presents the financial information of the Company's operating segments for the thirteen and thirty-nine week periods ended October 1, 2017 and October 2, 2016.

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Revenue restaurant sales				
United States(a)	$ 60,862	$ 56,818	$ 194,121	$ 176,786
Brazil	10,337	12,178	31,145	30,576
Total segment revenue from restaurant sales	$ 71,199	$ 68,996	$ 225,266	$ 207,362
Restaurant contribution				
United States	$ 14,001	$ 15,030	$ 51,440	$ 50,840
Brazil	2,760	3,952	8,764	9,454
Total segment restaurant contribution	$ 16,761	$ 18,982	$ 60,204	$ 60,294

(a) For the thirteen and thirty-nine week periods ended October 1, 2017 amounts include $745 and $2,930, respectively, and for the thirteen and thirty-nine week periods ended October 2, 2016 amounts include $902 and $3,143, respectively, attributable to the Company's restaurant in Puerto Rico. For the thirteen and thirty-nine week periods ended October 1, 2017 amounts include $997 and $2,976, respectively, and for the thirteen and thirty-nine week periods ended October 2, 2016 amounts include $761 and $2,436, respectively, attributable to the joint venture in Mexico.

(in thousands, except share and per share amounts)

The following table sets forth the reconciliation of total segment restaurant contribution to consolidated income before income taxes for the thirteen and thirty-nine week periods ended October 1, 2017 and October 2, 2016.

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Total segment restaurant contribution	$ 16,761	$ 18,982	$ 60,204	$ 60,294
Add:				
Other revenue	205	16	251	57
Less:				
Marketing and advertising costs	1,963	1,705	5,956	5,116
General and administrative costs	5,286	4,975	16,918	15,384
Pre-opening costs	377	1,081	2,410	2,113
Depreciation and amortization	4,792	3,962	14,092	11,590
Other operating (income) expense, net	12	38	344	(166)
Income from operations	4,536	7,237	20,735	26,314
Other income (expense), net	(712)	(450)	(1,788)	(1,787)
Income before income taxes	$ 3,824	$ 6,787	$ 18,947	$ 24,527

The following table sets forth the reconciliation total segment revenue from restaurant sales to total consolidated revenues for the thirteen and thirty-nine week periods ended October 1, 2017 and October 2, 2016.

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Total segment revenue from restaurant sales	$ 71,199	$ 68,996	$ 225,266	$ 207,362
Add:				
Other revenue	205	16	251	57
Total revenues	$ 71,404	$ 69,012	$ 225,517	$ 207,419

The table below sets forth the property and equipment attributable to each segment as of October 1, 2017 and January 1, 2017.

	October 1, 2017	January 1, 2017
Property and equipment, net		
United States(a)	$ 157,490	$ 148,161
Brazil	9,143	9,668
Total segment property and equipment, net	166,633	157,829
Corporate office(b)	3,696	1,021
Total property and equipment, net	$ 170,329	$ 158,850

(a) Property and equipment, net as of October 1, 2017 and January 1, 2017 includes $3,093 and $3,370, respectively, attributable to the Company's restaurant in Puerto Rico, and includes $1,890 and $1,912, respectively, attributable to the joint venture in Mexico.

(b) Property and equipment, net attributable to the Company's corporate office in the United States.

(in thousands, except share and per share amounts)

The table below sets forth the capital expenditures attributable to each segment during the thirty-nine week periods ended October 1, 2017 and October 2, 2016.

	Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016
Capital expenditures		
United States(a)	$ 21,645	$ 20,877
Brazil	526	1,399
Total capital expenditures(b)	$ 22,171	$ 22,276

(a) For the thirty-nine weeks period ended October 1, 2017 and October 2, 2016 amount includes $28 and $664 attributable to the joint venture in Mexico. For the thirty-nine week periods ended October 1, 2017 and October 2, 2016, amounts exclude $3,015 and $409, respectively, in capital expenditures attributable to the Company's corporate office in the United States.

(b) Total capital expenditures include non-cash capital expenditures included within accounts payable and accrued expenses as of the end of the period.

The table below sets forth total assets as of October 1, 2017 and January 1, 2017.

	October 1, 2017	January 1, 2017
Total assets		
United States(a)	$ 430,569	$ 425,961
Brazil	102,152	95,346
Netherlands(b)	3,168	1,088
Total assets	$ 535,889	$ 522,395

(a) Total assets as of October 1, 2017 and January 1, 2017 include total assets of $2,932 and $2,991, respectively, attributable to the joint venture in Mexico that may only be used to settle the obligations of the joint venture. For all periods presented, total assets include assets attributable to the Company’s corporate office in the United States and assets that are not directly attributable to restaurant operations. For all periods presented, total assets include assets attributable to the Company’s restaurant in Puerto Rico which is primarily property and equipment.

(b) Includes $3,153 and $1,059 in cash and cash equivalents as of October 1, 2017 and January 1, 2017, respectively. Cash and cash equivalents are primarily due to distributions from the Company’s Brazilian entity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This section and other parts of this Quarterly Report on Form 10-Q contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 which are subject to risks and uncertainties. Forward-looking statements relate to expectations, beliefs, projections, guidance, future plans, objectives and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, such as statements regarding our future financial condition or results of operations, our prospects and strategies for future growth, the development and introduction of new products, and the implementation of our marketing and branding strategies. Forward-looking statements can also be identified by words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "seeks," "intends," "targets" or the negative of these terms or other comparable terminology. Forward-looking statements are not guarantees of future performance and actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 1, 2017 and other factors noted below in this "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements speak only as of the date on which they are made. Except as required by applicable securities law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

In this section and other parts of this Quarterly Report on Form 10-Q, we refer to certain measures used for financial and operational decision making and as a means to evaluate period-to-period comparisons. We also may refer to a number of financial measures that are not defined under GAAP, but have corresponding GAAP-based measures. Where non-GAAP measures appear, we provide tables reconciling these measures to their corresponding GAAP-based measures and make reference to a discussion of their use. We believe these measures provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making.

The following discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes in Item 1 and with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K. All information presented herein is based on our fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to our fiscal years and the associated quarters, months and periods of those fiscal years.

We operate on a 52- or 53-week fiscal year that ends on the Sunday that is closest to December 31 of that year. Each fiscal year generally is comprised of four 13-week fiscal quarters, although in the years with 53 weeks the fourth quarter represents a 14-week period. References to Fiscal 2017 relate to our 52-week fiscal year ending December 31, 2017. References to Fiscal 2016 relate to our 52-week fiscal year ending January 1, 2017.

Overview

Fogo de Chão (fogo-dee-shoun) is a leading Brazilian steakhouse, or *churrascaria*, which has specialized for nearly 40 years in fire-roasting high-quality meats utilizing the centuries-old Southern Brazilian cooking technique of *churrasco*. We deliver a distinctive and authentic Brazilian dining experience through the combination of our high-quality Brazilian cuisine and our differentiated service model known as *espeto corrido* (Portuguese for "continuous service") delivered by our *churrasqueiros*, which we refer to as our *gaucho* chefs. We offer our guests a variety of menu choices including our most popular offering the Full *Churrasco* Experience as well *Gaucho* Lunch, Weekend Brazilian Brunch and Bar Fogo menu items. The Full *Churrasco* Experience, our prix fixe menu, provides the opportunity to experience a variety of meats including beef, lamb, pork and chicken, simply seasoned and carefully fire-roasted to expose their natural flavors as well as a selection of fresh seasonal salads and specialty items at the Market Table.

Growth Strategies and Outlook

Our growth is based on the following strategies:

- Grow our restaurant base;
- Grow our comparable restaurant sales; and
- Improve margins by leveraging our infrastructure and investments in human capital.

We believe we are in the early stages of our growth with 48 current restaurants, 36 in the US, nine in Brazil and three international joint venture restaurants. Based on internal analysis and a study prepared by an independent third party, we believe there is a long-term growth potential for more than 100 domestic sites, with additional new restaurants internationally. We have a long track record of successful new restaurant development, having grown our restaurant count by a multiple of 10 since 2000, and at a 12.7% CAGR since 2010. While new restaurants are expected to be a key driver of our growth, we believe positive comparable restaurant sales growth and margin expansion through leveraging our infrastructure will also contribute to future growth.

Highlights and Trends

Restaurant Development

Restaurant openings reflect the number of new restaurants opened during a particular reporting period. During the third quarter of Fiscal 2017 we opened our third international joint venture restaurant in Jeddah, Saudi Arabia. Over the next five years, we plan to increase our company-owned restaurant count by at least 10% annually, with North America being our primary market for new restaurant development. In addition, over the next five years, we plan to opportunistically open new restaurants in Brazil as attractive real estate locations become available. We will pursue growth in international markets through a combination of company-owned restaurants and joint ventures, which we believe allows us to expand our brand with limited capital investment by us. The actual number and timing of new restaurant openings is subject to a number of factors outside of the Company's control including, but not limited to, weather conditions and factors under the control of landlords, contractors and regulatory/licensing authorities.

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Restaurant Activity				
Beginning of Period	48	42	45	41
Openings(a)	1	1	4	2
Closings(b)	(1)	—	(1)	—
Restaurants at end of period	48	43	48	43

(a) We opened our first Middle East JV restaurant in August 2017. We do not consolidate the results of our Middle East JV operations.

(b) The lease for an underperforming restaurant in Brazil expired in September 2017 and not renewed. The restaurant was fully impaired as of January 1, 2017.

Key Events

Natural Disasters

During the third quarter of Fiscal 2017, our operations were impacted by Hurricanes Harvey, Irma and Maria which struck the US mainland and Puerto Rico adversely affecting 10 of our US restaurants. Most of the affected restaurants were minimally impacted, however four restaurants were significantly impacted requiring them to close for multiple days. These closures extended prior to landfall through the post-hurricane clean up periods. Our restaurant in San Juan, Puerto Rico remains closed as of the date of this filing, however we expect to reopen the location around mid-November 2017. We maintain comprehensive insurance coverage on our restaurants including property, flood and business interruption. Initial assessments have found minimal structural and cosmetic damage to the restaurants; however we are working with our insurance providers to assess the overall impact from the hurricanes and expect that process to take some time. As a result of the hurricane activity, we estimate total revenue was negatively impacted by $0.9 million for the third quarter of Fiscal 2017. We expect to recover a portion of the lost income through insurance recoveries in subsequent periods.

In addition, operations of our Mexican JV were impacted by multiple major earthquakes that affected the greater Mexico City metropolitan area. Our two restaurants in Mexico City sustained minimal cosmetic damage and we believe no structural damage. To date, we have not experienced a loss of operating days as a result of the earthquakes.

Secondary Offering

On May 17, 2017, we completed a secondary offering of 5,175,000 shares of common stock at a public offering price of $14.00 per share, which included 675,000 shares sold to the underwriters pursuant to their over-allotment option. As all of these shares were offered by certain selling stockholders we did not receive any proceeds from the offering.

2016 Summer Olympics

Rio de Janeiro hosted the 2016 Summer Olympics which were held during the third quarter of Fiscal 2016. As a result, we estimate our two Rio de Janeiro restaurants contributed approximately $1.4 million of incremental revenue in the third quarter of Fiscal 2016.

Recent Events in Brazil

Starting in 2015 a series of protests began in Brazil against the Brazilian government and its President. The initial protests occurred in cities throughout Brazil, including Rio de Janeiro and São Paolo, and continued throughout the remainder of 2015, culminating in the impeachment of the President of Brazil in August 2016. After a somewhat successful start to the new President’s administration, their proposed pension overhaul has faced significant opposition with protests occurring in a number of cities in response to the government’s austerity plans. The new administration has also endured a number of scandals emerging from a massive anti-corruption campaign which ultimately led to the current President’s indictment on corruption charges in June 2017. In August 2017, Brazil’s Lower House of government voted against sending the trial to Brazil’s Supreme Court; however this reprieve was short-lived as a second round of corruption charges were leveled against the current President in September 2017. While we understand that the current President is believed to have enough support in the Lower House to avoid another trial, the accusations have further dented his popularity which may affect the reform agenda as the 2018 general election draws near. As a result of the protests and political unrest, our restaurants in Brazil experienced reduced guest traffic in Fiscal 2016 and thus far in Fiscal 2017. Additionally, growing security concerns are affecting guest traffic in our two Rio de Janeiro restaurants, although we believe the local Rio de Janeiro government is attempting to address the security issues. While we believe these issues are temporary, should indicators suggest a permanent reduction in traffic due to the prolonged unrest, this reduction in cash flows could challenge the recovery of carrying value of certain Brazilian assets.

In addition to the uncertain political environment, Brazil continues to suffer from a protracted economic recession that is negatively impacting our guests. Although we believe Fiscal 2017 represents an inflection point for the Brazilian economy, as supported by improving economic forecasts, political turbulence continues to cast a long shadow on the strength of the recovery. Nevertheless, we believe Brazil’s economy will likely continue recovering as we lap the economic recession. With our focus on US development, Brazil will continue becoming a smaller portion of the overall business, representing less than 15% of our consolidated revenue base for the second half of Fiscal 2017.

Brazilian legislation regulating the collection of tips in commercial establishments was approved by the President of Brazil and became effective on May 13, 2017. We have implemented new procedures intended to facilitate our compliance with the new tip legislation, however, we cannot predict whether our procedures will fully comply with any regulations that may be adopted in furtherance of the legislation or judicial determinations as to the requirements of the legislation. Additionally, a comprehensive labor reform legislative bill was approved in July 2017 and is intended to become effective in November 2017. We are evaluating our options with respect to certain provisions of the legislation and cannot predict the impact of the new legislation or judicial determination as to the requirements of the legislation.

Commodity Pricing

During Fiscal 2016 we experienced improved food costs as a result of lower and stable beef prices which continued into Fiscal 2017. Although we experienced slight deflation in our overall commodity basket during the first half of Fiscal 2017, we experienced a spike in protein inflation during the third quarter of Fiscal 2017 due to retail demand pressures. Additionally, Fiscal 2016 marked the first year since 1967 that the food-at-home (grocery store or supermarket food items) CPI decreased in the US. This momentum continued into the first half of Fiscal 2017 leveling off in the third quarter of Fiscal 2017 with a marginal 40 basis points increase year-over-year. We anticipated slight inflation throughout the remainder of Fiscal 2017, closing the gap between the food-at-home (grocery store or supermarket food item) CPI and the-food-away-from-home (restaurant purchases) CPI however those prices have diverged yet again due, in part, to differences in the cost structures of restaurants and supermarkets.

Exchange Rate Impact

We experienced significant foreign currency impact during Fiscal 2016 due to fluctuations of the Brazilian Real relative to the US dollar. When the US dollar strengthens compared to the Brazilian Real, it has a negative impact on our Brazilian operating results upon translation of those results into US dollars for the purposes of consolidation. We anticipate continued foreign currency volatility throughout Fiscal 2017 with respect to the Brazilian Real. See “Supplemental Selected Constant Currency Information” on page 31 for the exchange rate impact on current financial periods.

Performance Indicators

In assessing the performance of our business, we consider a variety of performance and financial measures. The key measures we use for determining how our business is performing are the number of new restaurant openings, comparable restaurant sales, restaurant contribution and restaurant contribution margin and Adjusted EBITDA and Adjusted EBITDA margin. Restaurant contribution and restaurant contribution margin and Adjusted EBITDA and Adjusted EBITDA margin are non-GAAAP measures. See page 27 for discussion of non-GAAP financial measures.

New Restaurant Openings

Our ability to successfully open new restaurants and expand our restaurant base is critical to adding revenue capacity to meet our goals for growth. New restaurant openings contribute additional operating weeks and revenue to our business. Before a new restaurant opens, we incur pre-opening costs, as described below. New restaurants often open with an initial start-up period of sales volatility. Operating margins tend to stabilize within twelve months of opening. New restaurants typically experience normal inefficiencies in the form of higher food, labor and other direct operating expenses and, as a result, restaurant contribution margins are generally lower during the start-up period of operation. To achieve our goal to successfully open new restaurants, we consider a number of factors including macro and micro economic conditions, availability of appropriate locations, competition in local markets, and the availability of teams to manage new locations. The actual number and timing of new restaurant openings is subject to a number of factors outside of our control including, but not limited to, weather conditions and factors under the control of landlords, contractors and regulatory/licensing authorities.

Comparable Restaurant Sales

We consider a restaurant to be comparable during the first full fiscal quarter following the eighteenth full month of operations. We adjust the sales included in the comparable restaurant calculation for restaurant closures, primarily as a result of remodels, so that the periods will be comparable. Changes in comparable restaurant sales reflect changes in sales for the comparable group of restaurants over a specified period of time. Changes in comparable sales reflect changes in guest count trends as well as changes in average check per person, as described below. This measure highlights performance of existing restaurants, as the impact of new restaurant openings is excluded. The Company uses a 52/53 week fiscal year convention. For fiscal years following a 53 week year the Company calculates comparable restaurant sales using the most comparable calendar week to the current reporting period.

Average Check Per Person

Average check per person is calculated by dividing total comparable restaurant sales by comparable restaurant guest counts for a given time period. Average check per person is influenced by menu prices and menu mix. Management uses this indicator to analyze trends in guests’ preferences, the effectiveness of menu offerings and per guest expenditures.

Average Unit Volumes

We measure average unit volumes (“AUVs”) on an annual (52-week) basis. In fiscal years with 53 weeks, we exclude the 53rd week from the AUV calculation for consistency purposes. AUVs consist of the average sales of all restaurants that have been open for a trailing 52-week period or longer. We adjust the sales included in AUV calculations for restaurant closures. This measurement allows us to assess changes in consumer spending patterns at our restaurants and the overall performance of our restaurant base.

Guest Counts

Guest counts are measured by the number of entrées ordered at our restaurants over a given time period. Examples of our entrées include our Full *Churrasco* Experience, à la carte seafood items, and *Gaucho* Lunch.

Results of Operations

The following tables summarize key components of our consolidated results of operations for the periods indicated, both in dollars and as a percentage of revenue:

Third Fiscal Quarter Ended October 1, 2017 (13 Weeks) Compared to Third Fiscal Quarter Ended October 2, 2016 (13 Weeks)

(dollars in thousands)

	Fiscal Quarter Ended October 1, 2017		Fiscal Quarter Ended October 2, 2016		Increase / (Decrease)		
	Dollars	%(a)	Dollars	%(a)	Dollars	%(b)	%(c)
Revenue							
US Restaurant	$ 60,862	85.2%	$ 56,818	82.4%	$ 4,044	7.1%	2.8%
Brazil Restaurant	10,337	14.5%	12,178	17.6%	(1,841)	(15.1%)	(3.1%)
Other revenue	205	0.3%	16	0.0%	189	*	*
Total revenue	71,404	100.0%	69,012	100.0%	2,392	3.5%	*
Restaurant operating costs							
Food and beverage costs	21,313	29.8%	20,118	29.2%	1,195	5.9%	0.6%
Compensation and benefit costs	17,937	25.1%	16,321	23.6%	1,616	9.9%	1.5%
Occupancy and other operating expenses (excluding depreciation and amortization)	15,188	21.3%	13,575	19.7%	1,613	11.9%	1.6%
Total restaurant operating costs	54,438	76.2%	50,014	72.5%	4,424	8.8%	3.7%
Marketing and advertising costs	1,963	2.7%	1,705	2.5%	258	15.1%	0.2%
General and administrative costs	5,286	7.4%	4,975	7.2%	311	6.3%	0.2%
Pre-opening costs	377	0.5%	1,081	1.6%	(704)	(65.1%)	(1.1%)
Depreciation and amortization	4,792	6.7%	3,962	5.7%	830	20.9%	1.0%
Other operating (income) expense, net	12	0.0%	38	0.1%	26	*	0.1%
Total costs and expenses	66,868	93.6%	61,775	89.5%	5,093	8.2%	4.1%
Income from operations	4,536	6.4%	7,237	10.5%	(2,701)	(37.3%)	(4.1%)
Other income (expense):							
Interest expense, net	(1,299)	(1.8%)	(1,087)	(1.6%)	212	19.5%	0.2%
Interest income	587	0.8%	648	0.9%	(61)	(9.4%)	0.1%
Other income (expense), net	—	0.0%	(11)	0.0%	11	*	0.0%
Total other income (expense), net	(712)	(1.0%)	(450)	(0.7%)	262	58.2%	0.3%
Income before income taxes	3,824	5.4%	6,787	9.8%	(2,963)	*	(4.4%)
Income tax expense	1,305	1.8%	2,295	3.3%	(990)	(43.1%)	(1.5%)
Net income	2,519	3.5%	4,492	6.5%	(1,973)	(43.9%)	(3.0%)
Less: Loss attributable to noncontrolling interest	(190)	(0.3%)	(87)	(0.1%)	*	*	*
Net income attributable to Fogo de Chão, Inc.	$ 2,709	3.8%	$ 4,579	6.6%	$ (1,870)	(40.8%)	(2.8%)

(a) Calculated as a percentage of total revenue.
(b) Calculated percentage increase / (decrease) in dollars.
(c) Calculated increase / (decrease) in percentage of total revenue.
* Not meaningful.

Revenue

Total revenue increased due to a $5.0 million increase in non-comparable restaurant sales, a favorable foreign exchange impact of $0.3 million, and a $0.2 million increase in joint venture revenue, offset by a $3.1 million decrease in comparable restaurant sales. Total comparable restaurant sales decreased 5.1%.

US restaurant revenue increased due to a $5.0 million increase in non-comparable restaurant sales, offset by a $1.0 million decrease in comparable restaurant sales. US comparable restaurant sales decreased 2.1%.

Brazil restaurant revenue decreased due to a $2.1 million decrease in comparable restaurant sales, offset by a favorable foreign exchange impact of $0.3 million. Brazil comparable restaurant sales decreased 17.1%. Excluding the impact of the two Rio de Janeiro locations, Brazil comparable restaurant sales increased 3.0%. The Rio de Janeiro locations' results included lapping the 2016 Summer Olympics and current security issues in that city during the third quarter of Fiscal 2017.

Other revenue increased as our first Middle East JV restaurant opened in Jeddah, Saudi Arabia. In connection with the Jeddah opening we recognized a country development fee and a store opening fee in addition to a recurring license fee.

Food and Beverage Costs

Food and beverage costs increased due to a $1.8 million increase in food and beverage costs of non-comparable restaurants and an unfavorable foreign exchange impact of $0.1 million, offset by a $0.7 million decrease in food and beverage costs of comparable restaurants. As a percentage of total revenue, total food and beverage costs increased as a result of protein inflation and the impact of the hurricanes, marginally offset by reduced consumption as a result of waste management initiatives.

Compensation and Benefit Costs

Compensation and benefit costs increased due to a $2.0 million increase in non-comparable restaurant labor expense, offset by a $0.4 million decrease in comparable restaurant labor expense. As a percentage of total revenue, total compensation and benefits costs increased due to minimum wage increases on a reduced revenue base, inefficiencies associated with new restaurant openings, and maintaining pay at hurricane affected restaurants. These increases were moderately offset by scheduling efficiencies and lower overtime pay.

Occupancy and Other Operating Expenses

Occupancy and other operating expenses increased due to a $1.5 million increase in non-comparable restaurant operating expenses and a $0.1 million increase in comparable restaurant operating expenses. As a percentage of total revenue, total occupancy and other operating expenses increased as a result of fixed costs on a reduced revenue base, higher costs of rent as a percentage of sales in our new restaurants as these stores are in the early stages of their revenue growth curve, and closure related costs for an underperforming restaurant in Brazil.

Marketing and Advertising Costs

As a percentage of total revenue, marketing and advertising costs increased due in part to an increase in digital advertising spend.

General and Administrative Costs

General and administrative costs increased due to $0.2 million in concurrent corporate office rents as we transition to our new corporate office space, a $0.1 million donation to the Houston Food Bank in relation to Hurricane Harvey relief efforts, and a $0.1 million increase in corporate compensation as a result of additional headcount in the US and the timing of performance related bonuses. These increases were offset by $0.1 million in one-time expenses related to the realignment of management of our Brazilian subsidiaries in the third quarter of Fiscal 2016. As a percentage of total revenue, general and administrative costs increased due to increased expenses on a reduced revenue base.

Pre-opening Costs

Pre-opening costs decreased due to the timing of new restaurant development.

Interest Expense

Interest expense, net of capitalized interest, increased due to a 0.5% increase in the interest rate on our 2015 Credit Facility, which was alleviated slightly by a decrease in the average outstanding balance.

Income Tax Expense

The Company recognized income tax expense of $1.3 million (consolidated effective tax rate of 34.1%) for the third quarter of Fiscal 2017 and $2.3 million (consolidated effective tax rate of 33.8%) for the third quarter of Fiscal 2016. During the third quarter of Fiscal 2017, we identified an error in the accounting for a prior period business acquisition resulting from the omission of tax basis related to two restaurants that were under construction at the time of the acquisition. We corrected this error in the third quarter of Fiscal 2017, which resulted in the recognition of a discrete tax benefit of $0.2 million. Additionally, during the third quarter of Fiscal 2017, we evaluated both positive and negative evidence related to our operations in Puerto Rico and determined that we do not believe it is more likely than not that our deferred tax assets will be utilized in the foreseeable future. As a result, a valuation allowance was recorded and the net impact resulted in a discrete tax expense of $0.2 million in the third quarter of Fiscal 2017. These discrete tax items impacted the consolidated effective tax rate by less than 0.1% for the third quarter of Fiscal 2017.

Thirty-Nine Week Period Ended October 1, 2017 (39 Weeks) Compared to Thirty-Nine Week Period Ended October 2, 2016 (39 Weeks)

(dollars in thousands)

	Thirty-Nine Week Period Ended October 1, 2017		Thirty-Nine Week Period Ended October 2, 2016		Increase / (Decrease)		
	Dollars	**%(a)**	**Dollars**	**%(a)**	**Dollars**	**%(b)**	**%(c)**
Revenue							
US Restaurant	$ 194,121	86.1%	$ 176,786	85.2%	$ 17,335	9.8%	0.9%
Brazil Restaurant	31,145	13.8%	30,576	14.8%	569	1.9%	(1.0%)
Other revenue	251	0.1%	57	0.0%	194	*	*
Total revenue	225,517	100.0%	207,419	100.0%	18,098	8.7%	*
Restaurant operating costs							
Food and beverage costs	65,073	28.9%	59,539	28.7%	5,534	9.3%	0.2%
Compensation and benefit costs	54,683	24.2%	48,330	23.3%	6,353	13.1%	0.9%
Occupancy and other operating expenses (excluding depreciation and amortization)	45,306	20.1%	39,199	18.9%	6,107	15.6%	1.2%
Total restaurant operating costs	165,062	73.2%	147,068	70.9%	17,994	12.2%	2.3%
Marketing and advertising costs	5,956	2.6%	5,116	2.5%	840	16.4%	0.1%
General and administrative costs	16,918	7.5%	15,384	7.4%	1,534	10.0%	0.1%
Pre-opening costs	2,410	1.1%	2,113	1.0%	297	14.1%	0.1%
Depreciation and amortization	14,092	6.2%	11,590	5.6%	2,502	21.6%	0.6%
Other operating (income) expense, net	344	0.2%	(166)	(0.1%)	(510)	*	(0.3%)
Total costs and expenses	204,782	90.8%	181,105	87.3%	23,677	13.1%	3.5%
Income from operations	20,735	9.2%	26,314	12.7%	(5,579)	(21.2%)	(3.5%)
Other income (expense):							
Interest expense, net	(3,709)	(1.6%)	(3,307)	(1.6%)	402	12.2%	0.0%
Interest income	1,909	0.8%	1,534	0.7%	375	24.4%	(0.1%)
Other income (expense), net	12	0.0%	(14)	0.0%	(26)	*	0.0%
Total other income (expense), net	(1,788)	(0.8%)	(1,787)	(0.9%)	1	0.1%	(0.1%)
Income before income taxes	18,947	8.4%	24,527	11.8%	(5,580)	*	(3.4%)
Income tax expense (benefit)	6,195	2.7%	7,977	3.8%	(1,782)	(22.3%)	(1.1%)
Net income	12,752	5.7%	16,550	8.0%	(3,798)	(22.9%)	(2.3%)
Less: Loss attributable to noncontrolling interest	(410)	(0.2%)	(189)	(0.1%)	*	*	*
Net income attributable to Fogo de Chão, Inc.	$ 13,162	5.8%	$ 16,739	8.1%	$ (3,577)	(21.4%)	(2.3%)

(a) Calculated as a percentage of total revenue.
(b) Calculated percentage increase / (decrease) in dollars.
(c) Calculated increase / (decrease) in percentage of total revenue.
* Not meaningful.

Revenue

Total revenue increased due to a $17.7 million increase in non-comparable restaurant sales, a favorable foreign exchange impact of $3.1 million, and a $0.2 million increase in joint venture revenue, offset by a $2.9 million decrease in comparable restaurant sales. Total comparable restaurant sales decreased 1.4%.

US restaurant revenue increased due to a $17.7 million increase in non-comparable restaurant sales, offset by a $0.4 million decrease in comparable restaurant sales. US comparable restaurant sales decreased 0.2%.

Brazil restaurant revenue increased due to a favorable foreign exchange impact of $3.1 million, offset by a $2.5 million decrease in comparable restaurant sales. Brazil comparable restaurant sales decreased 7.4%. Excluding the impact of the two Rio de Janeiro locations, Brazil comparable restaurant sales decreased 0.7%. The Rio de Janeiro locations' results included lapping the 2016 Summer Olympics and current security issues in that city during the third quarter of Fiscal 2017.

Other revenue increased as our first Middle East JV restaurant opened in Jeddah, Saudi Arabia. In connection with the Jeddah opening we recognized a country development fee and a store opening fee in addition to a recurring license fee.

Food and Beverage Costs

Food and beverage costs increased due to a $5.5 million increase in food and beverage costs of non-comparable restaurants and an unfavorable foreign exchange impact of $1.1 million, offset by a $1.1 million decrease in food and beverage costs of comparable restaurants. As a percentage of total revenue, total food and beverage costs increased as a result of new restaurant opening headwinds and the impact of the hurricanes, somewhat offset by reduced liquor and desserts costs in Brazil.

Compensation and Benefit Costs

Compensation and benefit costs increased due to a $5.3 million increase in non-comparable restaurant labor expense, a $0.5 million increase in comparable restaurant labor expense, an unfavorable foreign exchange impact of $0.5 million, and a $0.1 million increase in share-based compensation. As a percentage of total revenue, total compensation and benefits costs increased as a result of wage rate inflation in the US and Brazil in addition to inefficiencies associated with new restaurant openings, marginally offset by lower insurance costs.

Occupancy and Other Operating Expenses

Occupancy and other operating expenses increased due to a $4.2 million increase in non-comparable restaurant operating expenses, a $1.2 million increase in comparable restaurant operating expenses, and an unfavorable foreign exchange rate impact of $0.7 million. As a percentage of total revenue, total occupancy and other operating expenses increased due to higher costs of rent as a percentage of sales in our new restaurants as these stores are in the early stages of their revenue growth curve, the timing of restaurant repairs, and local commercial rent taxes.

Marketing and Advertising Costs

As a percentage of total revenue, marketing and advertising costs increased marginally.

General and Administrative Costs

General and administrative costs increased due to $0.7 million in expenses related to our secondary offering in the second quarter of Fiscal 2017, a $0.7 million increase in corporate compensation as a result of additional headcount in the US and the timing of performance related bonuses, $0.2 million in concurrent corporate office rents as we transition to our new corporate office space, an unfavorable foreign exchange impact of $0.2 million and a $0.1 million donation to the Houston Food Bank in relation to Hurricane Harvey relief efforts. These increases were offset by $0.3 million in one-time expenses related to the realignment of management of the Brazilian subsidiaries and the legal transfer of the Brazilian subsidiaries to the Company's Dutch holding company and $0.1 million in one-time legal and accounting expenses for the thirty-nine week period ended October 2, 2016. As a percentage of total revenue, general and administrative costs increased nominally.

Pre-opening Costs

Pre-opening costs increased due to the timing of new restaurant development.

Other Operating (Income) Expense, net

Other operating expenses increased primarily due to an increase in reserves related to litigation with The Union of Workers in Hotels, Apart-Hotels, Motels, Flats, Restaurants, Bars, Snack Bars and Similar in São Paulo and the Region. An agreement was reached with the Union of Workers to resolve the claims and a labor court judge signed an order approving the agreement during the second quarter of Fiscal 2017.

Interest Expense

Interest expense, net of capitalized interest, increased slightly due to a 0.5% increase in the interest rate on our 2015 Credit Facility, which was alleviated marginally by a decrease in the average outstanding balance.

Interest Income

Interest income increased due to increased cash and cash equivalents in Brazil and favorable interest rates earned on those balances.

Income Tax Expense

The Company recognized income tax expense of $6.2 million (consolidated effective tax rate of 32.7%) for the thirty-nine week period ended October 1, 2017 and $8.0 million (consolidated effective tax rate of 32.5%) for the thirty-nine week period ended October 2, 2016. During the thirty-nine week period ended October 1, 2017, we recognized discrete tax benefits of $0.2 million resulting from refunds received related to prior year state and local income tax returns and a $0.2 million discrete tax benefit in connection with an error we identified and corrected during the third quarter of Fiscal 2017 related to the accounting for a prior period business acquisition resulting from the omission of tax basis related to two restaurants that were under construction at the time of the acquisition. Additionally, we evaluated both positive and negative evidence related to our operations in Puerto Rico and determined that we do not believe it is more likely than not that our deferred tax assets will be utilized in the foreseeable future. As a result, a valuation allowance was recorded and the net impact resulted in a discrete tax expense of $0.2 million for the thirty-nine week period ended October 1, 2017.These discrete tax items positively impacted the consolidated effective tax rate by 1.1% for the thirty-nine week period ended October 1, 2017.

Non-GAAP Financial Measures

To supplement its unaudited condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, the Company uses the following non-GAAP financial measures: restaurant contribution and restaurant contribution margin and Adjusted EBITDA and Adjusted EBITDA margin (collectively, the "non-GAAP financial measures"). The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The Company uses these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. The Company believes that they provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. The non-GAAP measures used by the Company may be different from the methods used by other companies

Restaurant Contribution and Restaurant Contribution Margin

Restaurant contribution, a non-GAAP financial measure, is equal to revenue generated by our restaurants sales less direct restaurant operating costs (which include food and beverage costs, compensation and benefits costs, and occupancy and certain other operating costs but exclude depreciation and amortization expense). This performance measure includes only the costs that restaurant level managers can directly control and excludes other operating costs that are essential to conduct the Company’s business. Depreciation and amortization expense is excluded because it is not an operating cost that can be directly controlled by restaurant level managers. Restaurant contribution margin is equal to restaurant contribution as a percentage of revenue from restaurant sales. Restaurant contribution and restaurant contribution margin are supplemental measures of operating performance of our restaurants and our calculations thereof may not be comparable to those reported by other companies.

We use restaurant contribution and restaurant contribution margin as key metrics to evaluate the profitability of incremental sales at our restaurants, to evaluate our restaurant performance across periods and to evaluate our restaurant financial performance compared with our competitors. We believe restaurant level operating margin is useful to investors in that it highlights trends in our core business that may not otherwise be apparent to investors when relying solely on GAAP financial measures. Because other companies may calculate restaurant level margin differently than we do, restaurant level margin as presented herein may not be comparable to similarly titled measures reported by other companies.

Restaurant contribution and restaurant contribution margin are neither required by, nor presented in accordance with GAAP. Restaurant contribution and restaurant contribution margin have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP.

Restaurant Contribution

The following table sets forth a reconciliation of income from operations, which is a GAAP financial measure, to total segment restaurant contribution (dollars in thousands).

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Income from operations	$ 4,536	$ 7,237	$ 20,735	$ 26,314
Less:				
Other revenue	205	16	251	57
Add:				
Marketing and advertising costs	1,963	1,705	5,956	5,116
General and administrative costs	5,286	4,975	16,918	15,384
Pre-opening costs	377	1,081	2,410	2,113
Depreciation and amortization	4,792	3,962	14,092	11,590
Other operating (income) expense, net	12	38	344	(166)
Total segment restaurant contribution	$ 16,761	$ 18,982	$ 60,204	$ 60,294
Total revenues	$ 71,404	$ 69,012	$ 225,517	$ 207,419
Less: Other revenue	205	16	251	57
Total segment revenue from restaurant sales	$ 71,199	$ 68,996	$ 225,266	$ 207,362

The following tables summarize restaurant contribution by segment and restaurant contribution margin by segment for the third fiscal quarter ended October 1, 2017 compared to third fiscal quarter ended October 2, 2016 and the thirty-nine week period ended October 1, 2017 compared to the thirty-nine week period ended October 2, 2016 (dollars in thousands).

	Fiscal Quarter Ended October 1, 2017		Fiscal Quarter Ended October 2, 2016		Increase / (Decrease)		
	Dollars	%(a)	Dollars	%(a)	Dollars	%(b)	%(c)
Revenue restaurant sales							
US Restaurant	$ 60,862	85.5%	$ 56,818	82.3%	$ 4,044	7.1%	3.2%
Brazil Restaurant	10,337	14.5%	12,178	17.7%	(1,841)	(15.1%)	(3.2%)
Total revenue restaurant sales	$ 71,199	100.0%	$ 68,996	100.0%	$ 2,203	3.2%	*
Restaurant operating costs							
US	$ 46,861	77.0%	$ 41,788	73.5%	$ 5,073	12.1%	3.5%
Brazil	7,577	73.3%	8,226	67.5%	(649)	(7.9%)	5.8%
Total restaurant operating costs	$ 54,438	76.5%	$ 50,014	72.5%	$ 4,424	8.8%	4.0%
Restaurant contribution							
US	$ 14,001	23.0%	$ 15,030	26.5%	$ (1,029)	(6.8%)	(3.5%)
Brazil	2,760	26.7%	3,952	32.5%	(1,192)	(30.2%)	(5.8%)
Total segment restaurant contribution	$ 16,761	23.5%	$ 18,982	27.5%	$ (2,221)	(11.7%)	(4.0%)

(a) Calculated as a percentage of total revenue restaurant sales or segment revenue from restaurant sales where applicable.
(b) Calculated percentage increase / (decrease) in dollars.

(c) Calculated increase / (decrease) in percentage of total revenue restaurant sales or segment revenue from restaurant sales where applicable.
* Not meaningful.

	Thirty-Nine Week Period Ended October 1, 2017		Thirty-Nine Week Period Ended October 2, 2016		Increase / (Decrease)		
	Dollars	%(a)	Dollars	%(a)	Dollars	%(b)	%(c)
Revenue restaurant sales							
US Restaurant	$ 194,121	86.2%	$ 176,786	85.3%	$ 17,335	9.8%	0.9%
Brazil Restaurant	31,145	13.8%	30,576	14.7%	569	1.9%	(0.9%)
Total revenue restaurant sales	$ 225,266	100.0%	$ 207,362	100.0%	$ 17,904	8.6%	*
Restaurant operating costs							
US	$ 142,681	73.5%	$ 125,946	71.2%	$ 16,735	13.3%	2.3%
Brazil	22,381	71.9%	21,122	69.1%	1,259	6.0%	2.8%
Total restaurant operating costs	$ 165,062	73.3%	$ 147,068	70.9%	$ 17,994	12.2%	2.4%
Restaurant contribution							
US	$ 51,440	26.5%	$ 50,840	28.8%	$ 600	1.2%	(2.3%)
Brazil	8,764	28.1%	9,454	30.9%	(690)	(7.3%)	(2.8%)
Total segment restaurant contribution	$ 60,204	26.7%	$ 60,294	29.1%	$ (90)	(0.1%)	(2.4%)

(a) Calculated as a percentage of total revenue restaurant sales or segment revenue from restaurant sales where applicable.
(b) Calculated percentage increase / (decrease) in dollars.
(c) Calculated increase / (decrease) in percentage of total revenue restaurant sales or segment revenue from restaurant sales where applicable.
* Not meaningful

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA, a non-GAAP financial measure, is defined as net income before interest, taxes and depreciation and amortization plus the sum of certain operating and non-operating expenses, including pre-opening costs, share-based compensation costs, non-cash impairment charges, and other non-cash or similar adjustments. Adjusted EBITDA margin, a non-GAAP financial measure, represents Adjusted EBITDA as a percentage of revenue. By monitoring and controlling our Adjusted EBITDA and Adjusted EBITDA margin, we can gauge the overall profitability of our company. Adjusted EBITDA and Adjusted EBITDA margin are supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. Adjusted EBITDA and Adjusted EBITDA margin are not measurements of our financial performance under GAAP and should not be considered as an alternative to net income (loss), operating income or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity. In addition, in evaluating Adjusted EBITDA and Adjusted EBITDA margin, you should be aware that in the future we will incur expenses or charges such as those added back to calculate Adjusted EBITDA. Our presentation of Adjusted EBITDA and Adjusted EBITDA margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

We believe Adjusted EBITDA and Adjusted EBITDA margin facilitate operating performance comparisons from period to period by isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). We also present Adjusted EBITDA and Adjusted EBITDA margin because (i) we believe this measure is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry, (ii) we believe investors will find this measure useful in assessing our ability to service or incur indebtedness, and (iii) we use Adjusted EBITDA and Adjusted EBITDA margin internally as a benchmark to compare our performance to that of our competitors.

Adjusted EBITDA and Adjusted EBITDA margin have limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are (i) it does not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments, (ii) it does not reflect changes in, or cash requirements for, our working capital needs, (iii) it does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt, (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA and Adjusted EBITDA margin do not reflect any cash requirements for such replacements, (v) it does not adjust for all non-cash income or expense items that are reflected in our statements of cash flows, (vi) it does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations, and (vii) other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Adjusted EBITDA

The following table sets forth the reconciliation of net income, which is a GAAP financial measure, to Adjusted EBITDA (dollars in thousands).

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Net income attributable to Fogo de Chão, Inc.	$ 2,709	$ 4,579	$ 13,162	$ 16,739
Depreciation and amortization expense(a)	4,684	3,897	13,787	11,389
Interest expense, net	1,299	1,087	3,709	3,307
Interest income	(587)	(648)	(1,909)	(1,534)
Income tax expense (benefit)(b)	1,296	2,279	6,162	7,926
EBITDA	9,401	11,194	34,911	37,827
Pre-opening costs(c)	376	988	2,407	1,987
Share-based compensation	118	208	417	620
Non-cash adjustments(d)	211	236	651	734
Secondary offering costs	—	—	715	—
Corporate office relocation	154	—	154	—
Non-recurring expenses(e)	123	108	331	456
Adjusted EBITDA	$ 10,383	$ 12,734	$ 39,586	$ 41,624

(a) For the thirteen and thirty-nine week periods ended October 1, 2017, excludes $0.11 million and $0.31 million, respectively, of depreciation expense attributable to our joint venture in Mexico. For the thirteen and thirty-nine week periods ended October 2, 2016 excludes $0.07 million and $0.20 million, respectively, of depreciation expense attributable to our joint venture in Mexico.

(b) For the thirteen and thirty-nine week periods ended October 1, 2017, excludes $0.01 million and $0.03 million, respectively, of income tax expense for our joint venture in Mexico. For the thirteen and thirty-nine week periods ended October 2, 2016, excludes $0.02 million and $0.05 million, respectively, of income tax expense for our joint venture in Mexico.

(c) For the thirteen and thirty-nine week periods ended October 1, 2017 and October 2, 2016, excludes immaterial pre-opening costs for our joint venture in Mexico.

(d) Consists of non-cash portion of straight line rent expense.

(e) For the thirteen and thirty-nine week periods ended October 1, 2017, amount consists of closure related costs associated with an underperforming location in Brazil whose lease was not renewed. For the thirty-nine week period ended October 1, 2017, amount includes a $0.2 million increase in reserves related to litigation with The Union of Workers in Hotels, Apart-Hotels, Motels, Flats, Restaurants, Bars, Snack Bars and Similar in São Paulo and the Region. An agreement was reached with the Union of Workers to resolve the claims and a labor court judge signed an order approving the agreement during the second quarter of Fiscal 2017. For the thirteen and thirty-nine week periods ended October 2, 2016 amount includes $0.1 million and $0.3 million, respectively, of one-time expenses related to the realignment of management of the Brazilian subsidiaries and the legal transfer of the Brazilian subsidiaries to the Company's Dutch holding company to support the Company's expansion into international markets. For the thirty-nine week period ended October 2, 2016 amounts include $0.1 million of one-time legal and accounting fees.

Supplemental Selected Constant Currency Information

As exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of certain results on a constant currency basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. We use results on a constant currency basis as one measure to evaluate our performance. We calculate constant currency by retranslating results across all prior periods presented using a derived exchange rate for the most current year periods presented based on actual results. The tables set forth below calculate constant currency at a foreign currency exchange rate of 3.1601 and 3.1727 Brazilian reais to 1 US dollar, which represents the derived exchange rates for the thirteen and thirty-nine week periods ended October 1, 2017, calculated as explained above. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with GAAP.

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016	October 1, 2017	October 2, 2016
Total revenue as reported	$ 71,404	$ 69,012	$ 225,517	$ 207,419
Effect of foreign currency	—	320	—	3,128
Total revenue at constant currency	$ 71,404	$ 69,332	$ 225,517	$ 210,547
Adjusted EBITDA	$ 10,383	$ 12,734	$ 39,586	$ 41,624
Effect of foreign currency	—	64	—	603
Adjusted EBITDA at constant currency	$ 10,383	$ 12,798	$ 39,586	$ 42,227
Adjusted EBITDA margin at constant currency	14.5%	18.5%	17.6%	20.1%
Segment restaurant contribution	$ 16,761	$ 18,982	$ 60,204	$ 60,294
Effect of foreign currency	—	88	—	878
Segment restaurant contribution at constant currency	$ 16,761	$ 19,070	$ 60,204	$ 61,172
Segment restaurant contribution margin at constant currency	23.5%	27.5%	26.7%	29.1%

Liquidity and Capital Resources

Our liquidity and capital requirements are principally the build-out cost of new restaurants, renovations of existing restaurants and corporate infrastructure, as well payments of principal and interest on our outstanding indebtedness and lease obligations. We also require capital resources to further expand and strengthen the capabilities of our corporate support and information technology infrastructures. Our main sources of liquidity have been cash flow from operating activities, construction cost contributions from landlords when available to us (also known as tenant improvement allowances) and borrowings under our existing and previous credit facilities.

In Fiscal 2016, we effectuated an internal restructuring whereby we created a new Dutch holding company, FDC Netherlands Cooperatief U.A. ("Fogo COOP") and contributed all of the Brazilian subsidiaries down below Fogo COOP. We then made contemporaneous check-the-box elections to treat these subsidiaries as disregarded entities or branches of Fogo COOP. For US federal income tax purposes, this transaction was structured as a tax-free reorganization under section 368(a)(1)(D) or (F). Following, the internal restructuring, Fogo COOP is treated as the regarded or separate legal entity for US federal income tax purposes and the Brazilian entities are branches or divisions of Fogo COOP. Consequently, income or losses earned by the Brazilian entities are deemed to be earned by Fogo COOP for US federal income tax purposes. We consider the undistributed earnings related to Fogo COOP (and indirectly the earnings of its Brazilian disregarded entities as well as the earnings related to its majority interest in its Mexican joint ventures) to be indefinitely reinvested and expect them to continue to be indefinitely reinvested. Accordingly, no provision for US income and additional foreign taxes has been recorded on aggregate undistributed earnings of $48.8 million as of October 1, 2017. If there is a change in assertion regarding indefinite or permanent reinvestment of the undistributed earnings of our Dutch subsidiary, we would record a deferred tax liability attributable to those undistributed earnings in the amount of approximately $17.0 million. As of October 1, 2017, we had $35.1 million in cash and cash equivalents, of which $28.3 million was held indirectly in Brazil by Fogo COOP's Brazilian disregarded entities, and $3.2 million was held directly in the Netherlands by Fogo COOP, which could be subject to additional taxes if repatriated to the US.

We intend to spend approximately $26.0 million to $30.0 million in Fiscal 2017 on capital expenditures, net of tenant allowances, including approximately $20.0 million to $22.0 million for new restaurant development and approximately $6.0 million to $8.0 million on opportunistic restaurant remodeling.

We believe that our cash from operations and borrowings under our 2015 Credit Facility will be adequate to meet our liquidity needs and capital expenditure requirements for the next 12 months from the date of issuance of these financial statements. In addition, we may make discretionary capital improvements with respect to our restaurants or systems such as our planned opportunistic restaurant remodel program, which we could fund through the issuance of debt or equity securities or other external financing sources to the extent we were unable to fund such capital expenditures out of our cash from operations.

The following table presents the primary components of net cash flows provided by and used in operating, investing and financing activities for the periods presented.

	Thirty-Nine Week Periods Ended	
	October 1, 2017	October 2, 2016
Net cash provided by (used in)		
Operating activities	$ 35,196	$ 36,689
Investing activities	(25,167)	(25,601)
Financing activities	(6,954)	(8,760)
Effect of foreign exchange	773	2,818
Net increase in cash	$ 3,848	$ 5,146

Operating Activities

Net cash provided by operating activities for the thirty-nine weeks ended October 1, 2017 decreased $1.5 million from the thirty-nine weeks ended October 2, 2016. The decrease in cash is related to increases in cash paid for interest and income taxes, gift card redemptions outpacing gift card sales and a decrease in cash related to the timing of collections of receivables and payments of liabilities.

Investing Activities

For the thirty-nine weeks ended October 1, 2017, compared to the thirty-nine weeks ended October 2, 2016, net cash used in investing activities decreased by $0.4 million due to the timing of capital expenditures related to new restaurant construction.

Financing Activities

Net cash used in financing activities for the thirty-nine weeks ended October 1, 2017 decreased $1.8 million from the thirty-nine weeks ended October 2, 2016 primarily due to the timing of repayments on the 2015 Credit Facility offset by the timing of contributions and distributions of our Mexican JV Partner.

2015 Credit Facility

On June 24, 2015, in connection with the closing of the IPO, we refinanced our 2012 Credit Facility and entered into the 2015 Credit Facility. Upon the closing of the IPO, we drew $165.0 million on the 2015 Credit Facility and used those borrowings, along with the net proceeds from the IPO, to repay the outstanding debt under the 2012 Credit Facility.

The 2015 Credit Facility provides for a $250.0 million revolving credit facility (the “Revolving Credit Facility”). The loans under the Revolving Credit Facility mature on June 24, 2020.

At our option, loans under the Revolving Credit Facility may be Base Rate Loans or Eurodollar Rate Loans and bear interest at a Base Rate or Eurodollar Rate, respectively, plus the Applicable Rate. The “Applicable Rate” for any Base Rate Loans or Eurodollar Rate Loan shall be between 50 and 150 basis points with respect to Base Rate Loans and between 150 and 250 basis points with respect to Eurodollar Rate Loans, depending on the Total Rent Adjusted Leverage Ratio. The current Applicable Rate will be (i) in the case of any Base Rate Loan 0.75% and in the case of any Eurodollar Rate Loan, 1.75%.

The 2015 Credit Facility contains a number of affirmative, negative and financial covenants, and events of default customary for facilities of this type. The covenants, among other things, restrict our ability to incur additional indebtedness, make certain acquisitions, engage in certain transactions with affiliates, and authorize or pay dividends. In addition, we will be required to maintain two financial covenants, which include a maximum Total Rent Adjusted Leverage Ratio (at levels that vary until maturity) and a minimum Consolidated Interest Coverage Ratio. At October 1, 2017, these required ratios were 5.25 to 1 and 2.00 to 1, respectively and the Company was in compliance with those covenants.

As of October 1, 2017, we had seven letters of credit outstanding for a total of $5.7 million and $101.3 million of available borrowing capacity under the 2015 Credit Facility.

Contractual Obligations

In Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended January 1, 2017, we disclosed that we had $375.9 million in total contractual obligations as of January 1, 2017. Other than the items discussed below, there have been no material changes in our total obligations during the thirty-nine weeks ended October 1, 2017 outside of the normal course of our business.

We lease certain restaurant locations, storage spaces, buildings and equipment under non-cancelable operating leases. Our restaurant leases generally have initial terms of between 10 and 20 years, and generally can be extended only in five-year increments. Our leases expire at various dates between 2017 and 2033, excluding extensions at our option. During the thirty-nine week period ended October 1, 2017, we entered into an additional lease and exercised an extension on an existing lease, adding estimated minimum future rental payments of approximately $8.4 million attributable to these non-cancelable operating leases.

Off-Balance Sheet Arrangements

We enter into standby letters of credit to secure certain of our obligations, including insurance programs and lease obligations. As of October 1, 2017, letters of credit and letters of guaranty totaling $5.7 million have been issued. Other than these standby letters of credit, we do not have any off-balance sheet arrangements, investments in special purpose entities or undisclosed borrowings or debt. In addition, we have not entered into any derivative contracts or synthetic leases.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and consolidated results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. We base these estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates.

We believe our critical accounting policies are affected by significant judgments and estimates used in the preparation of our consolidated financial statements and that the judgments and estimates are reasonable. Our critical accounting policies and estimates are described in our annual consolidated financial statements and the related notes in our Annual Report on Form 10-K for the fiscal year ended January 1, 2017.

Impairment of Long-Lived Assets

On a quarterly basis, or as circumstances warrant, we review long-lived assets to determine if triggering events have occurred which would require a test to determine if the carrying amount of the assets may not be recoverable based on estimated future cash flows. Assets are reviewed at the lowest level for which cash flows can be identified, which is at the individual restaurant level. In the absence of extraordinary events, restaurants are included in our impairment analysis after they have been opened for 36 months. An initial three-year operating plan is developed for each new location and we remain committed to that plan barring unforeseen circumstances.

We are currently monitoring the performance of one restaurant location that has been open approximately 22 months. As of October 1, 2017, the restaurant location had a net book value of $4.3 and contributed $0.9 million in operating losses to income from operations, including $0.3 million in depreciation expense, for the thirty-nine week period ended October 1, 2017. If performance improvements are not realized for this restaurant, an impairment charge may be recognized in future periods.

Our restaurant in San Juan, Puerto Rico remains closed as of the date of this filing, however we expect to reopen the location around mid-November 2017. Due to the closure, the San Juan location experienced operating losses during the third quarter and into the fourth quarter of Fiscal 2017. While we believe these losses are temporary, should indicators suggest a prolonged period of closure and continued losses, this reduction in cash flows could challenge the recovery of carrying value of the restaurants' assets.

Recent Accounting Pronouncements

See Note 4 to the Unaudited Condensed Consolidated Financial Statements for information on recent accounting pronouncements.

JOBS Act

We are an "emerging growth company," as defined in the Jumpstart our Business Startups Act of 2012, or the JOBS Act, and we take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, even if we comply with the greater obligations of public companies that are not emerging growth from time to time, we may avail ourselves of the reduced requirements applicable to emerging growth companies from time to time in the future.

Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. However, we are choosing to opt out of any extended transition period, and as a result we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We will remain an "emerging growth company" for up to five years following the completion of our initial public offering which will be June 2020, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed third fiscal quarter, or (iii) the date on which we have issued more than $1.0 billion in non-convertible debt during the preceding three-year period.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments for trading purposes.

Foreign Currency Exchange Risk

The reporting currency for our consolidated financial statements is the US dollar. However, during the thirty-nine week periods ended October 1, 2017 and October 2, 2016, we generated 13.8% and 14.8%, respectively, of our revenue in Brazil. The revenue and expenses of our Brazilian subsidiaries is translated at the then average exchange rates and as a result our consolidated financial statements are impacted by fluctuations in the foreign currency exchange rates. The Brazilian Real strengthened in relation to the US dollar 3.2% since October 2, 2016. As a result, we have experienced significant foreign currency impact due to fluctuations of the Brazilian Real relative to the US dollar and may be impacted materially for the foreseeable future. For example, if the US dollar strengthened it would have a negative impact on our Brazilian operating results upon translation of those results into US dollars for the purposes of consolidation. Any hypothetical loss in revenue could be partially or completely offset by lower food and beverage costs and lower selling, general and administrative costs that are generated in Brazilian reais. A 10% appreciation in the relative value of the US dollar compared to the Brazilian Real would have resulted in lost income from operations of approximately $0.4 million for the thirty-nine week period ended October 1, 2017 and $0.5 million for the thirty-nine week period ended October 2, 2016. To the extent the ratio between our revenue generated in Brazilian reais increases as compared to our expenses generated in Brazilian reais, we expect that our results of operations will be further impacted by changes in exchange rates. We do not currently hedge foreign currency fluctuations. However, in the future, in an effort to mitigate losses associated with these risks, we may at times enter into derivative financial instruments, although we have not historically done so. These may take the form of forward sales contracts and option contracts. We do not, and do not intend to, engage in the practice of trading derivative securities for profit.

Interest Rate Risk

We are exposed to market risk from changes in interest rates on our debt, which bears interest at variable rates and is a function of our Total Rent Adjusted Leverage Ratio as defined in the 2015 Credit Facility agreement. As of October 1, 2017, we had total aggregate principal amount of outstanding borrowings of $143.0 million. A 1.00% increase in the effective interest rate applied to these borrowings would result in an interest expense increase of $1.4 million on an annualized basis. We manage our interest rate risk through normal operating and financing activities and, when determined appropriate, through the use of derivative financial instruments.

Inflation

Inflationary factors such as increases in food, beverage and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative costs as a percentage of revenue if our menu prices do not increase with these increases.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management establishes and maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. We evaluated the effectiveness of our disclosure controls and procedures as of October 1, 2017, with the participation of our CEO and CFO, as well as other key members of our management. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of October 1, 2017.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter ended October 1, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Union of Workers in Hotels, Apart-Hotels, Motels, Flats, Restaurants, Bars, Snack Bars and Similar in São Paulo and the Region (the "Union of Workers") brought claims in 2011 on behalf of certain employees of one of our São Paulo restaurants asserting that the restaurant charged mandatory tips and did not properly calculate compensation payable to or for the benefit of those employees. The claims were initially dismissed in 2011 but the Union of Workers pursued various appeals of its claims. A regional labor court rendered a decision in 2014 that partially granted one of the Union of Workers appeals and ordered the restaurant to make unquantified payments based on its determination that the restaurant charged mandatory tips. At that time, the restaurant recorded a reserve of R$100,000 (Brazilian Real), the amount established by the judge for the calculation of court fees. The restaurant appealed to the superior labor court, which did not grant the appeal. The decision of the regional labor court became final in November 2015 and the claims were remitted to the first labor court. The Company entered into an agreement with the Union of Workers to resolve the claims; the labor court judge signed on May 23, 2017 an order approving the agreement. The Union of Workers also represents certain employees of our other four locations in São Paulo. The Union of Workers negotiated a new collective agreement applicable for the period 2015 through 2017. Based on the terms of the new agreement, the Company believes that the Union of Workers should not now be able to assert the same claims on behalf of employees of the four São Paulo restaurants that were not covered by the prior decision. Nonetheless, in light of the inherent uncertainties involved in Brazilian labor matters, there can be no assurance that the Union of Workers will not pursue such claims and, if so, that such claims would be rejected; an adverse outcome could materially and adversely affect the Company's financial condition, results of operations or cash flows in any particular reporting period.

We are currently involved in other claims, investigations and legal actions that arise in the ordinary course of our business, including claims and investigations resulting from employment-related matters. None of these matters, many of which are covered by insurance, has had a material effect on us. We are not party to any material pending legal proceedings and are not aware of any claims that could have a material adverse effect on our business, financial condition, results of operations or cash flows. However, a significant increase in the number of these claims or an increase in amounts owing under successful claims could materially and adversely affect our business, financial condition, results of operations or cash flows.

Item 1A. Risk Factors

There are numerous factors that affect our business and results of operations, many of which are beyond our control. In addition to information set forth in this quarterly report, you should carefully read and consider "Item 1A. Risk Factors" in Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of our Annual Report on Form 10-K for the year ended January1, 2017, which contain descriptions of significant risks that might cause our actual results of operations in future periods to differ materially from those currently anticipated or expected. There have been no material changes from the risk factors discussed in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the period ended January 1, 2017.

Item 2. Unregistered Sales of Equity and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Index

Exhibit Number	Description
10.1#	Form of Fogo 2015 Plan Restricted Stock Award Notice and Agreement (2017 Grant-Time Vesting)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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

Management contract or compensatory plan or arrangement.

* This certification is not deemed to be "filed" for purposes of section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification is not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference.

SIGNATURES

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

FOGO DE CHAO, INC.

Date: November 7, 2017

By: /s/ Lawrence J. Johnson
Lawrence J. Johnson
Chief Executive Officer
(principal executive officer)

Date: November 7, 2017

By: /s/ Anthony D. Laday
Anthony D. Laday
Chief Financial Officer
(principal financial officer)

Exhibit 10.1

Fogo de Chão, Inc.
2015 Omnibus Incentive Plan

NOTICE OF RESTRICTED STOCK AWARD

2017 Grant—Time Vesting

You have been granted a restricted stock award (this "**Award**" or "**Restricted Stock**") on the following terms and subject to the provisions of Attachment A and the Fogo de Chão, Inc. 2015 Omnibus Incentive Plan (the "**Plan**"). Unless defined in this award agreement (including Attachment A and Exhibit A therein, this "**Agreement**"), capitalized terms will have the meanings assigned to them in the Plan. In the event of a conflict among the provisions of the Plan, this Agreement and any descriptive materials provided to you, the provisions of the Plan will prevail.

Participant: [•] (the "**Participant**")

Grant Date: [•] (the "**Grant Date**")

Number of Shares: [•] Shares

Vesting Schedule: The Restricted Stock shall vest one-third on each of the first three anniversaries of the Grant Date (each, a "**Vesting Date**"), in each case subject to the terms in Attachment A, as follows:

Vesting Date	Vesting Percentage

Attachment A

Fogo de Chão, Inc.
2015 Omnibus Incentive Plan

RESTRICTED STOCK AWARD AGREEMENT

Section 1. *Definitions*. With respect to any Participant who is employed by the Company or one of its Affiliates pursuant to an effective written employment agreement, if any, between the Company and/or one of its Affiliates in which there is a definition of any capitalized term used in this Agreement, the definition in such employment agreement will be used, solely for such Participant and only for so long as such employment agreement remains effective. Otherwise, the capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth below.

(a) "**Cause**" shall mean the Participant's (i) misappropriation or theft of the Company's or any of its Affiliate's funds or property; (ii) indictment for, conviction of or entering of a plea of *nolo contendere* of any fraud, misappropriation, embezzlement or similar act, felony or crime involving dishonesty or moral turpitude; (iii) material breach of this Agreement or failure to perform any of the Participant's material duties owed to the Company; or (iv) commission of any act involving willful malfeasance or gross negligence or the Participant's failure to act involving material nonfeasance; *provided*, *however*, that, in the case of the above sub-clause (iii), termination of Service by the Company or the Company's Affiliate, if applicable, shall not be for "Cause" unless (A) such breach is not capable of being cured, or (B) such Participant has first been given written notice of such breach by the Company or its Affiliate, as applicable, and if such breach is capable of being cured, such breach remains uncured for a period of ten (10) business days after such notice to the Participant, or, if cured, recurs within 180 days.

(b) "**Disability**" shall mean (i) a permanent and total disability that entitles the Participant to disability income payments under any long-term disability plan or policy provided by the Company under which the Participant is covered, as such plan or policy is then in effect; or (ii) if such Participant is not covered under a long-term disability plan or policy provided by the Company at such time for whatever reason, then the term "Disability" means a "permanent and total disability" as defined in Section 22(e)(3) of the Code that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than twelve (12) months, and, in this case, the existence of any such "Disability" will be certified by a physician acceptable to the Company.

(c) "**Good Reason**" shall mean (i) a material diminution of the Participant's base salary, (ii) a material diminution in the Participant's authority, duties or responsibilities, or (iii) the Company or any other Affiliate requiring the Participant to be based at any office or location that is more than fifty (50) miles from the initial location of the Participant's employment.

Section 2. *Grant of Restricted Stock Award.* Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants to the Participant the number of Shares of Restricted Stock specified on the cover page of this Agreement on the terms set forth therein, as more fully described in this Attachment A. This Award is granted under the Plan, which is incorporated herein by reference and made a part of this Agreement.

Section 3. *Issuance of Shares*

(a) The Shares of Restricted Stock shall be evidenced by book-entry registration; *provided, however*, that the Committee may determine that the Shares of Restricted Stock shall be evidenced in such other manner as it deems appropriate, including the issuance of a stock certificate or certificates. In the event that any stock certificate is issued with respect to the Shares of Restricted Stock, such certificate shall (i) be registered in the name of the Participant, (ii) bear an appropriate legend referring to the terms, conditions and restrictions applicable to the Shares of Restricted Stock and (iii) be held in custody by the Company.

(b) *Voting Rights*. The Participant shall have voting rights with respect to the Shares of Restricted Stock.

(c) *Dividends*. All cash and other dividends and distributions, if any, that are paid with respect to any Shares of Restricted Stock shall be withheld by the Company and paid to the Participant, without interest, only when, and if, the Shares of Restricted Stock become vested in accordance with this Agreement.

Section 4. *Termination of Service; Distribution*.

(a) *Death or Disability*. In the event of the Participant's termination of Service at any time due to the Participant's death or Disability, unvested Shares of Restricted Stock shall fully vest as of such termination.

(b) *Termination of Service*. Subject to Section 4(c), any unvested Shares of Restricted Stock shall be forfeited without consideration upon the termination of the Participant's Service by the Company or its Affiliates for any reason.

(c) *Change of Control*. In the event of the Participant's termination of Service on or within twelve (12) months following the date of a Change of Control, all unvested Shares of Restricted Stock shall fully vest as of the date of such termination of Service and shall be distributed to the Participant pursuant to Section 4(d) of this Agreement.

(d) *Distribution on Vesting*. Subject to the provisions of this Agreement, upon the vesting of any of the Shares of Restricted Stock, the Company shall deliver to the Participant, as soon as reasonably practicable after the applicable Vesting Date (or the date of the Participant's termination of Service, as applicable), vested Shares and all cash and other dividends and distributions, if any. Upon such delivery, such Shares shall be fully assignable, saleable and transferable by the Participant; *provided* that, any such assignment, sale, transfer or other alienation with respect to such Shares shall be in accordance with applicable securities laws.

Section 5. *Restricted Activities*. In exchange for good and valuable consideration hereunder, the Participant agrees that the restrictions below on his or her activities during and after the Participant's Service are necessary to protect the goodwill, Confidential Information (as defined below) and other legitimate interests of the Company and its Affiliates.

(a) *Confidential Information*. The Participant acknowledges that during the period of Service, the Participant shall have access to and shall be provided with sensitive, confidential, proprietary and trade secret information of the Company and its Affiliates (including, in each case, such information, observations and data obtained prior to the date of this Agreement concerning the business or affairs of the Company, its Affiliates and their respective predecessors) (collectively, "**Confidential Information**") which is the property of the Company and such Affiliates, and agrees that the Company and such Affiliates have a protectable interest in such Confidential Information. Therefore, the Participant agrees that the Participant shall not, during the period of Service and at all times thereafter, disclose to any unauthorized person or use for Participant's own purposes any such Confidential Information without the prior written consent of the Company unless and to the extent that the aforementioned matters (i) become or are generally known to and available for use by the industry other than as a result of the Participant's unauthorized acts or omissions in breach of this Agreement, (ii) are required to be disclosed by judicial process or law or (iii) are in furtherance of the Participant's duties to the Company or its Affiliates. The Participant shall deliver to the Company at the termination of the Service period, or at any other time the Company may request, (A) all memoranda, notes, plans, records, reports, computer tapes, printouts and software and other documents and data (and copies thereof) which constitute Confidential Information which the Participant may then possess or have under Participant's control and (B) all property of the Company and its Affiliates in the Participant's possession, including but not limited to all company-owned computer equipment (hardware and software), telephones, facsimile machines, blackberry and other communication devices, credit cards, office keys, security access cards, badges, and identification cards. Nothing in this Agreement or otherwise limits the Participant's ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the U.S. Securities and Exchange Commission (the "**SEC**") or any other federal, state or local governmental agency or commission ("**Government Agency**") regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against the Participant for any of these activities, and nothing in this Agreement or otherwise requires the Participant to waive any monetary award or other payment that Participant might become entitled to from the SEC or any other Government Agency.

(b) *Non-Competition*. The Participant acknowledges that in the course of the Participant's Service with the Company or its Affiliates the Participant has become and shall become familiar with trade secrets and other Confidential Information concerning the Company and its Affiliates that derive independent economic value from not being generally known, and that the Participant's services have been and shall be of special, unique or extraordinary value to the Company and its Affiliates. Therefore, the Participant agrees that, during the period of the Participant's Service with the Company or its Affiliates and for two (2) years thereafter (the "**Restrictive Period**"), the Participant shall not engage, directly or indirectly in the Business (as defined below) in any city or within a fifty (50) mile radius of any city in the United States or Brazil in which the Company or its Affiliates currently operate or will operate during the term of this Agreement, or, directly or indirectly, own an interest in, manage, operate, join, control, lend money or render other financial assistance to, or participate in or be connected with, as an officer, director, employee, partner, stockholder, agent, or consultant or otherwise, any Person that competes with the Business; *provided* that, for purposes of this Section 5, ownership of securities having no more than two percent (2%) of the outstanding voting power of any publicly traded Business shall not be deemed to be in violation of this Section 5. The Participant expressly agrees and acknowledges that the restrictions contained in this Section 5 are for the purposes of restricting the activities of the Participant only to the extent necessary for the protection of the legitimate business interests of the Company and its Affiliates, and do not preclude the Participant from earning a livelihood, nor do they unreasonably impose limitations on the Participant's ability to earn a living. In addition, the Participant agrees and acknowledges that the potential harm to the Company and its Affiliates of their non-enforcement outweighs any harm to the Participant of its enforcement by injunction or otherwise. The Participant expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to the subject matter, time period and geographical area. The Restrictive Period shall be extended by the length of any period during which the Participant is in breach of the terms of this Section 5(b) or Section 5(c) of this Agreement. For purposes of this Agreement, "**Business**" means any business which involves the development, opening, operating or franchising of restaurants that derive more than twenty-five percent (25%) of their annual food sales from steak products in the United States or Brazil.

(c) *Non-Solicitation*. The Participant agrees that, during the Restrictive Period, the Participant shall not (i) induce or attempt to induce any customer, supplier or other party with whom or which the Company or any Affiliate did business during the Participant's Service with the Company and with whom or which the Participant had contact during his or her Service with the Company or any Affiliate to cease doing business with the Company or such Affiliates, or in any way interfere with or attempt to interfere with the relationship between the Company or its Affiliates and any existing customer, supplier or other party with whom or which the Company or its Affiliates did business during the Participant's Service with the Company or any Affiliate and with whom or which the Participant had contact during his or her Service with the Company or any Affiliate, the effects of which would tend to divert, diminish, or prejudice the goodwill or business of the Company or any Affiliate, or (ii) with respect to anyone who worked for the Company or any Affiliate (the "**Company Employee**"), (A) hire, employ or retain the services of (including, without limitation, as an employee or independent contractor) any such Company Employee, (B) directly or indirectly interfere with or attempt to interfere with any Company Employee and/or representative or agent of the Company or its Affiliates, or (C) induce or attempt to induce any Company Employee to leave the employ of the Company or its Affiliates, whether or not such person is employed or engaged pursuant to a contract with the Company or its Affiliates, or otherwise engaged at will, or violate the terms of their contracts, or any employment arrangements, with the Company or its Affiliates; *provided* that, while the foregoing shall not prohibit a general solicitation to the public by general advertising, hiring any person identified in this Section 5(c) as a result of such general solicitation is prohibited during the Restrictive Period.

(d) *Participant's Representations; Restriction on Use of Third-Party Confidential Information*. The Participant hereby represents and warrants that (i) the execution, delivery and performance of this Agreement by the Participant does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order or judgment to which the Participant is a party or by which the Participant is bound, (ii) the Participant is not a party to or bound by any employment agreement, non-compete agreement or confidentiality agreement with any person or entity other than the Company or its Affiliates, if any, and (iii) this Agreement constitutes the valid and binding obligation of the Participant, enforceable against the Participant in accordance with its terms. The Participant shall not improperly use any confidential information or trade secrets of any third party in connection with the performance of the Participant's duties.

Section 6. *Enforcement.* If, at the time of enforcement of any of Section 5 of this Agreement, a court or an arbitrator shall hold that the restrictions stated therein are unreasonable under the circumstances then existing, the parties agree that the maximum restrictions reasonable under such circumstances shall be substituted for such restrictions and that the court or arbitrator shall be allowed to revise the restrictions contained herein to the fullest extent permitted by law. Because the Participant's services are unique and because the Participant has access to Confidential Information, the parties hereto agree that money damages would not be an adequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance, declaratory and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security).

Section 7. *Miscellaneous Provisions*.

(a) *Notices*. Any notice or other communication provided for herein or given hereunder to a party hereto must be in writing, and shall be deemed to have been given (i) when personally delivered or delivered by facsimile transmission with confirmation of delivery, (ii) one (1) business day after deposit with Federal Express or similar overnight courier service, or (iii) three (3) business days after being mailed by first-class mail, return receipt requested. A notice shall be addressed, as follows:

if to the Company, to:

14881 Quorum Drive
Suite 750
Dallas, TX 75254
Attention: General Counsel

and if to the Participant, at the address that he or she most recently provided to the Company.

or to such other address or facsimile number as such party may hereafter specify for the purpose of notice to the other parties hereto.

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed received on the next succeeding business day in the place of receipt.

(b) *Section 83(b) Election*. Upon the execution of this Agreement, the Participant may make an election under Section 83(b) of the Code and the regulations promulgated thereunder (the "**83(b) Election**") with respect to the this Award in the form attached hereto as Exhibit A.

(c) *Entire Agreement*. This Agreement and the Plan constitute the entire agreement, and understanding among the parties hereto in respect of the subject matter hereof and supersede all prior and contemporaneous arrangements, agreements and understandings, whether oral or written and whether express or implied, and whether in term sheets, presentations or otherwise, among the parties hereto, or between any of them, with respect to the subject matter hereof; *provided* that, the Participant shall continue to be bound by any other confidentiality, non-competition, non-solicitation and other similar restrictive covenants contained in any other agreements between the Participant and the Company, its Affiliates and their respective predecessors to which the Participant is bound. In the event of any inconsistency between any restrictive covenants contained herein and any restrictive covenants contained in such other agreements, that obligation which is the most restrictive upon the Participant shall control.

(d) *Amendment; Waiver*. No amendment or modification of any provision of this Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Company may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(e) *Assignment*. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Participant.

(f) *Successors and Assigns; No Third-Party Beneficiaries*. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant and the Participant's heirs, successors legal representatives and permitted assigns. The Participant hereby expressly acknowledges that the Company's successors and assigns are permitted to enforce all of the Company's or its Affiliates' rights under this Agreement, including but not limited to their rights under Section 5 of this Agreement. Nothing in this Agreement, express or implied, is intended to confer on any person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(g) *Signature in Counterparts*. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(h) *Participant Undertaking*. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or give effect to any of the obligations or restrictions imposed on either the Participant or the Restricted Stock pursuant to the provisions of this Agreement.

(i) *Participant Representation.* The Participant acknowledges and understands that material definitions and provisions concerning the Restricted Stock and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of the Plan.

(j) *Withholding*. The Company shall have the power and the right to deduct or withhold automatically from any payment or Shares deliverable under this Agreement, or require the Participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement. The Participant may elect, subject to the approval of the Committee, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory total tax that could be imposed in connection with any such taxable event provided that, the Participant, if terminated, is terminated for any reason other than for Cause or due to resignation without Good Reason.

(k) *Transferability*. Unless otherwise determined by the Committee, the Participant shall not be permitted to transfer or assign the Restricted Stock except in the event of death and in accordance with Section 14.5 of the Plan.

(l) *Shares Not Registered*. Shares shall be issued pursuant to this Agreement unless the issuance and delivery of such Shares will not, in the opinion of counsel, comply with (unless exempt from) all applicable requirements of law, including, without limitation, the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall not be obligated to file any registration statement under any applicable securities laws to permit the purchase or issuance of any Shares, and accordingly any certificates for Shares may have an appropriate legend or statement of applicable restrictions endorsed thereon. If the Company deems it necessary to ensure that the issuance of Shares under this Agreement is not required to be registered under any applicable securities laws, the Participant shall deliver to the Company an agreement containing such representations, warranties and covenants as the Company may reasonably require.

(m) *No Right to Continued Service*. The grant of the Restricted Stock evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the Service of the Participant and shall not lessen or affect any right that the Company or any Affiliate may have to terminate the Service of such Participant.

(n) *Choice of Law*. This Agreement, and all claims or causes of action or other matters that may be based upon, arise out of or relate to this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, excluding any conflict or choice of law rule or principle that might otherwise refer construction or interpretation thereof to the substantive laws of another jurisdiction.

(o) *Consent to Jurisdiction*. The Company and the Participant, by his or her execution hereof, (i) hereby irrevocably submit to the exclusive jurisdiction of the state and federal courts in the State of Delaware for the purposes of any claim or action arising out of or based upon this Agreement or relating to the subject matter hereof, (ii) hereby waive, to the extent not prohibited by applicable law, and agree not to assert by way of motion, as a defense or otherwise, in any such claim or action, any claim that it, he or she is not subject personally to the jurisdiction of the above-named courts, that its, his or her property is exempt or immune from attachment or execution, that any such proceeding brought in the above-named court is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court and (iii) hereby agree not to commence any claim or action arising out of or based upon this Agreement or relating to the subject matter hereof other than before the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such claim or action to any court other than the above-named courts whether on the grounds of inconvenient forum or otherwise; *provided, however*, that the Company and the Participant may, if necessary, seek to enforce and/or execute on a final judgment issued by a Delaware court of competent jurisdiction in any other court of competent jurisdiction. The Company and the Participant hereby consent to service of process in any such proceeding, and agree that service of process by registered or certified mail, return receipt requested, at its, his or her address specified pursuant to Section 8(a) of this Agreement is reasonably calculated to give actual notice.

(p) *WAIVER OF JURY TRIAL.* TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT, HE OR SHE SHALL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS. CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTY HERETO THAT THIS SECTION 8(P) CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND SHALL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL, COUNTERPART OR A COPY OF THIS SECTION 8(P) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

(q) *No Guarantees Regarding Tax Treatment*. The Participant (or his or her beneficiaries) shall be responsible for all taxes with respect to Restricted Stock. The Committee and the Company make no guarantees regarding the tax treatment of Restricted Stock. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax, and none of the Company or Affiliate, or any of their employees or representatives shall have any liability to the Participant with respect thereto.

(r) *Compliance with Section 409A*. The Company intends that the Restricted Stock be structured in compliance with, or to satisfy an exemption from, Section 409A of the Code and all regulations, guidance, compliance programs and other int erpretative authority thereunder ("**Section 409A**"), such that there are no adverse tax consequences, interest, or penalties under Section 409A as a result of the Restricted Stock. In the event the Restricted Stock is subject to Section 409A, the Committee may, in its sole discretion, take the actions described in Section 11 of the Plan. Notwithstanding any contrary provision in the Plan or this Agreement, any payment(s) of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under this Agreement to a "specified employee" (as defined under Section 409A) as a result of his or her separation from service (other than a payment that is not subject to Section 409A) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid on the date that immediately follows the end of such six (6) month period (or, if earlier, the date of death of the specified employee) or as soon as administratively practicable thereafter. A termination of Service shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of Service, unless such termination is also a "separation from service" within the meaning of Section 409A and the payment thereof prior to a "separation from service" would violate Section 409A. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a "termination," "termination of Service" or like terms shall mean "separation from service."

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

FOGO DE CHÃO, INC.

By: ______________________________
Name:
Title:

Agreed and acknowledged as of the date first above written:

By: ______________________________
Name:

Exhibit A

FORM OF SECTION 83(B) ELECTION MATERIALS

Form of Section 83(b) Election Instructions

To make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") in connection with your receipt, for tax purposes, of Shares of Fogo de Chão, Inc. (the "Company"), you should complete and sign three copies of the enclosed Section 83(b) Election form and mail as indicated **no later than 30 days after the Grant Date.**

1. You should mail one copy of the executed Section 83(b) Election to the Internal Revenue Service (see attached chart for appropriate Internal Revenue Service Center), by certified mail (return receipt requested), using the attached letter to the Internal Revenue Service, which you must date and sign (also fill in your social security number).

2. You should deliver one copy of the executed Section 83(b) Election to the Company, using the attached letter, which you must date and sign.

3. You should retain one copy of the executed Section 83(b) Election and file it with your 2017 federal income tax return.

IRS Service Centers for 83(b) Election

Questions: 1-800-829-1040

If you live in:	**Appropriate Service Center Mailing Address**
Florida, Louisiana, Mississippi, Texas	Department of the Treasury Internal Revenue Service Austin, TX 73301-0002
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Fresno, CA 93888-0002
Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Wisconsin	Department of the Treasury Internal Revenue Service Fresno, CA 93888-0002
Alabama, Georgia, Kentucky, New Jersey, North Carolina, South Carolina, Tennessee, Virginia	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002
Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New York, Pennsylvania, Rhode Island, Vermont, West Virginia	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002
A foreign country, U.S. possession or territory, or use an APO or FPO address, or are a dual-status alien	Department of the Treasury Internal Revenue Service Austin, TX 73301-0215

Election to Include Shares in Gross Income

Pursuant to Section 83(b) of the Internal Revenue Code

The undersigned purchased shares of common stock, par value $0.01 per share (the "Shares"), of Fogo de Chão, Inc., on [•], 2017.

The undersigned desires to make a protective election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended ("Code §83(b)").

Therefore, pursuant to Code §83(b) and Treasury Regulation §1.83-2 promulgated thereunder, the undersigned hereby makes an election, with respect to the Shares (described more fully in Paragraph 2 below).

The following information is supplied in accordance with Treasury Regulation §1.83-2(e):

1. The name, address and social security number of the undersigned:

Name: ______________________________

Address: ______________________________

____

SSN: ______________________________

2. **A description of the property** with respect to which the election is being made:

Company	Number of Shares
Fogo de Chão, Inc.	[•] Shares

3. The property was transferred on [•], 2017 (the "**Transfer Date**"). The taxable year for which such election is made: **calendar year 2017**.

4. **The restrictions to which the property is subject**: The Property is subject to time-based vesting restrictions. Vesting will accelerate in certain circumstances.

5. The aggregate fair market value on the Transfer Date of the property with respect to which the election is being made, determined without regard to any lapse restrictions: $[•]

6. The aggregate amount paid for such property: $[•]

7. A copy of this election has been furnished to the Company pursuant to Treasury Regulations §1.83-2(e)(7).

Dated: [•], 2017

Print Name:

[•], 2017

Internal Revenue Service Center

[Insert Address]

Re: Section 83(b) Election

SSN: ______________

Dear Sir or Madam:

Pursuant to Treasury Regulations Section 1.83-2(c) promulgated under Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"), enclosed please find an election under Section 83(b) of the Code.

Sincerely,

____
Print Name:

Enclosure

[•], 2017

14881 Quorum Drive
Suite 750
Dallas, TX 75254
Attention: General Counsel

Re: Section 83(b) Election

Dear Sir:

Pursuant to Treasury Regulations Section 1.83-2(d) promulgated under Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"), enclosed please find a copy of an election under Section 83(b) of the Code.

Sincerely,

____
Print Name:

Enclosure

Exhibit 31.1

CERTIFICATIONS

I, Lawrence J. Johnson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended October 1, 2017 of Fogo de Chao, Inc.;

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

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

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

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

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: November 7, 2017

By: /s/ Lawrence J. Johnson

Lawrence J. Johnson
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Anthony D. Laday, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended October 1, 2017 of Fogo de Chao, Inc.;

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

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

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

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

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: November 7, 2017

By: /s/ Anthony D. Laday

Anthony D. Laday
Chief Financial Officer

Exhibit 32.1

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies, in his capacity as an officer, that, to such person's knowledge:

(a) the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended October 1, 2017, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2017

By: /s/ Lawrence J. Johnson
Lawrence J. Johnson
Chief Executive Officer

By: /s/ Anthony D. Laday
Anthony D. Laday
Chief Financial Officer

This certification is not deemed to be "filed" for purposes of section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification is not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference.