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2007 ANNUAL REPORT

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Centerplate

April 2008

Dear Investors:

In 2007, our focus was on retooling the company for long-term growth. I am pleased to report that, as a result of these efforts, we had strong year-on-year sales growth and our Adjusted EBITDA increased versus 2006. For fiscal year 2007 we increased sales by 8.7%, or almost $60 million, to $740.7 million and adjusted EBITDA increased about 1%, or about $0.6 million, to $58.1 million. These results represent the second year in a row that both sales and adjusted EBITDA have increased over the prior year.

While we would have liked to have seen stronger growth in adjusted EBITDA, we continued to invest in generating new sales and are pleased with our success in bringing on new business during the past year. Historically until 2007, the company added between $14 million and $35 million in new sales revenues per year. In 2007, Centerplate was awarded contracts expected to generate approximately $76 million in new sales revenues on an annualized basis.

These new sales included the food and beverage contracts at the Washington Nationals' new ballpark, which recently opened to a sell out crowd, a new basketball arena for the University of Louisville, which is scheduled to open in 2010, and the TELUS Whistler Conference Centre in British Columbia, which opened last November. They also included the merchandise contracts at the Washington Nationals and the New Jersey Devils, both of which were awarded separately from the food and beverage contracts and represent the headway we're making in winning merchandise accounts.

We believe our success in gaining and renewing contracts has grown out of the steps we've taken to build the strategic platform for this business. Today, Centerplate is recognized as the company that customizes its services to a particular team, client or venue and continually pushes innovation to help clients grow their business. As we have said before, we've focused on four strategic initiatives – culinary, design, branded concepts and service – to differentiate us in a very competitive marketplace and meet the demand for a customer-focused service model. In 2007, we focused on merchandise as a separate service offering. We implemented a management realignment so that we focus local "hub" vice presidents and chefs on day-to-day operations and recruited a number of talented individuals into key strategic roles to provide our people with the expertise to drive innovation and results. In sum, we evolved from a very regional, local model to an integrated company model.

We're pleased that we're being recognized for the work we've done. In February 2008, we catered the Super Bowl, where we were recognized for the quality and innovation of our menus. We were culinary hosts at the Pro Bowl and the NBA All-Star Game and were one of the premier sponsors of the Food Network's South Beach Wine and Food show, a culinary festival in Miami Beach which featured some of the country's top chefs, including some of our own. We believe people are noticing and appreciating our efforts to redefine the role of culinary and hospitality in an entertainment environment.

We're also pleased with our 2008 sales to date. As of the middle of April, we've been awarded new contracts representing more than $36 million in annualized sales revenues, including the Orange County Convention Center in Orlando, Florida and the Tampa Bay Buccaneers merchandise contract. That makes 2008 already our second best year, in terms of new sales, since we went public. Our success in gaining new accounts is an affirmation that we are on the right path strategically.

However, as we look at 2008 and beyond, we realize that we operate in a very competitive environment and need to continue to retool and develop the company and identify new opportunities for growth. We have therefore been proactively broadening our strategic horizons and looking at a range of options, including acquisitions, joint ventures and other transactions, that expand the scope of our business but continue to build on our core competencies. Our joint venture with leading restaurateurs Michael Kaufman and Michael Sternberg, in which Centerplate recently acquired a controlling interest in the Harry's Tap Room restaurant brand, is an example of this approach. We view this joint venture as a logical extension of our core business. We currently operate more than 20 restaurants throughout our portfolio in various sports, convention and entertainment venues. We believe restaurants like Harry's Tap Room and other novel concepts, which we will develop through this venture, will enhance our competitive position and help us extend our reach into the traditional restaurant sector, where it is appropriate for our business.

We're encouraged by the strength of our sales, the strategic initiatives we've been able to implement and the long-term benefit we believe these initiatives will provide for Centerplate in the future. However, we recognize the challenges we have in 2008. We must grow the business to offset the impact of not having a contract to service the new Yankee Stadium in 2009 – standing still is not an option. We must continue to strengthen and grow our strategic platform to remain competitive and build the company's value. We must do this in the context of what is anticipated to be a weak economy. We are therefore seeking the right mix of flexibility under our credit facility and the use of our cash from operations to support our growth strategy and build value in the company for our security holders.

We continue to be inspired by the commitment of our employees and the support of our clients. In addition, we very much appreciate the support of our investors as we work to strengthen our business and achieve the best results for our security holders.

Janet L. Steinmayer
President and Chief Executive Officer

Centerplate

2187 Atlantic Street, 6th Floor
Stamford, Connecticut 06902

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April 25, 2008

Dear Security Holder:

You are cordially invited to attend the 2008 Annual Meeting of security holders of Centerplate, Inc., a Delaware corporation, which will take place at 8:00 a.m. E.D.T. on Thursday, May 22, 2008, in the Conde's Room at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, CT 06870.

The formal items on the agenda are the election of our directors and the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2008. This Proxy Statement provides information relating to these agenda items. We do not expect any other items of business to be raised.

Your vote is important, so please vote your shares promptly. We appreciate your interest in Centerplate.

Sincerely yours,

David M. Williams
Chairman of the Board of Directors

Centerplate

2187 Atlantic Street, 6th Floor
Stamford, Connecticut 06902

April 25, 2008

NOTICE OF ANNUAL MEETING OF SECURITY HOLDERS

Notice is hereby given that the 2008 Annual Meeting of security holders of Centerplate, Inc., a Delaware corporation, will take place at 8:00 a.m. EDT on Thursday, May 22, 2008, in the Conde's Room at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, CT 06870 for purposes of:

1) Electing six directors;

2) Ratifying the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2008; and

3) Acting upon such other matters as may properly come before the meeting or any adjournments, postponements or continuations of the meeting.

All holders of record at the close of business on April 10, 2008 are entitled to vote at the meeting.

All security holders are invited to attend the meeting. To ensure your representation at the meeting, however, we urge you to vote your shares by mail at your earliest convenience, whether or not you expect to attend. If you do attend the meeting, you may vote in person even if you have returned a proxy. Your vote is important.

Sincerely yours,

Rina E. Terán
Corporate Secretary

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GENERAL INFORMATION

This Proxy Statement is being furnished to you in connection with the solicitation of proxies by the Board of Directors to be used at the 2008 Annual Meeting of security holders of Centerplate, Inc., a Delaware corporation. Copies of this Proxy Statement are being mailed to holders of record beginning on or about April 25, 2008. A copy of our Annual Report on Form 10-K for the fiscal year ended January 1, 2008 accompanies this Proxy Statement.

The 2008 Annual Meeting will take place on Thursday, May 22, 2008 in the Conde's Room at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, CT 06870, at 8:00 a.m. E.D.T. (the "2008 Annual Meeting") for the purposes set forth in the accompanying Notice of Annual Meeting of security holders.

QUESTIONS AND ANSWERS

Q: ON WHAT AM I VOTING?

A: You are being asked to vote on the election of our directors David M. Williams, Janet L. Steinmayer, Felix P. Chee, Sue Ling Gin, Alfred Poe and Glenn R. Zander, and on the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our 2008 fiscal year. For more information on our nominees for election to the Board of Directors, turn to "Nominees for Election to the Board of Directors" on page 5. For information on the appointment of Deloitte & Touche LLP, turn to "Proposal Two — Ratification of Appointment of Independent Registered Public Accounting Firm" beginning on page 24.

Q: HOW DOES THE BOARD OF DIRECTORS RECOMMEND THAT I VOTE?

A. Our board of directors recommends that you vote your shares (1) "FOR" each of the nominees to the board of directors and (2) "FOR" the ratification of our independent registered public accounting firm for the 2008 fiscal year.

Q: WHO IS ENTITLED TO VOTE?

A: Each holder of our common stock at the close of business on April 10, 2008 is entitled to one vote for each share owned on that date. Each Income Deposit Security ("IDS") includes one share of common stock. As of the record date, 20,981,813 shares of common stock were issued and outstanding.

Q: HOW DO I VOTE?

A: You can vote in either of these two ways:

- *You can vote by mail* by signing and dating your proxy card or voting instruction card from your broker or other nominee and mailing it in the enclosed prepaid envelope. If you mark your voting instructions on the proxy card or voting instruction card, your shares will be voted per your instructions. If you return a signed proxy card but do not provide voting instructions, your shares will be voted "FOR" the named nominees for election as directors and "FOR" the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2008.

- *You can vote in person at the Annual Meeting* by delivering your completed proxy card in person at the 2008 Annual Meeting or by completing a ballot available upon request at the meeting if you are a stockholder of record. However, if you hold your shares at a bank, broker or other holder of record rather than in your own name, you must obtain a legal proxy from your broker, trustee or other nominee in order to vote at the meeting.

In addition, even if you mail in a proxy card and decide to attend the 2008 Annual Meeting, you may keep your proxy vote or vote in person at the meeting.

REGARDLESS OF HOW YOU CHOOSE TO VOTE, YOUR VOTE IS IMPORTANT, AND WE ENCOURAGE YOU TO VOTE PROMPTLY.

Q: HOW CAN I CHANGE MY VOTE?

A: You can revoke your proxy and change your vote at any time before the polls close at the 2008 Annual Meeting. You can do this by:

- signing and returning another proxy or voting instruction card with a later date; or

- voting at the meeting.

Q: WILL ANY OTHER MATTERS BE VOTED UPON?

A: We do not expect any other matters to be considered at the 2008 Annual Meeting. However, if a matter not listed on the proxy card is legally and properly brought before the Annual Meeting by a security holder, the proxies will vote on the matter in accordance with their judgment of what is in the best interest of Centerplate.

Q: HOW MANY VOTES ARE NEEDED SO THAT THE MEETING CAN TAKE PLACE?

A: The presence in person or by proxy at the 2008 Annual Meeting of the holders of one-third of the votes entitled to be cast at the Annual Meeting shall constitute a quorum.

Q: HOW MANY VOTES ARE NEEDED TO ELECT THE NOMINEES FOR DIRECTOR AND TO RATIFY THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM?

A: Directors are elected by a plurality of the votes, which means the six nominees who receive the largest number of votes will be elected. There is no cumulative voting.

The affirmative vote of the holders of a majority of the shares present or represented at the meeting and entitled to vote will be required to ratify the appointment of the independent registered public accountants.

Q: WHO WILL COUNT THE VOTES?

A: Representatives of The Bank of New York, to be known as BNY Mellon Shareowner Services ("BNY Mellon"), our transfer agent, will count the votes. A representative from BNY Mellon will act as inspector of elections.

Q: HOW ARE VOTES COUNTED?

A: To determine if we have a quorum, we will count all properly submitted proxies and ballots, including abstentions, broker non-votes and withheld votes, as present and entitled to vote. If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. Broker non-votes, as well as votes withheld by a holder of record, are not considered votes cast and will not be counted for or against a matter or nominee for director. Abstentions will have the same effect as a vote against the proposal to ratify the appointment of the registered public accounting firm, but will have no effect on the election of directors.

Q: WHAT SHARES ARE COVERED BY MY PROXY CARD?

A: You should have been provided a proxy card or voting instruction card for each account in which you own shares of our common stock either:

- directly in your name as the holder of record; or
- indirectly through a broker, bank or other holder of record.

Q: WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD?

A: It means that you have multiple accounts in which you own shares of our common stock. Please vote all proxy cards or voting instruction cards you receive to ensure that all your shares are voted. However, for your convenience we recommend that you contact your broker, bank or our transfer agent to consolidate as many accounts as possible under a single name and address. Our transfer agent is BNY Mellon. All communications concerning shares you hold in your name, including address changes, name changes, requests to transfer shares and similar issues, can be handled by making a toll-free call to BNY Mellon at 1-877-296-3711 or by contacting BNY Mellon on the internet at www.stockbny.com or www.shrrelations@bnymellon.com.

Q: IS THERE A LIST OF STOCKHOLDERS ENTITLED TO VOTE AT THE 2008 ANNUAL MEETING?

A: The names of stockholders of record entitled to vote at the 2008 Annual Meeting will be available for inspection at the meeting and for ten days prior to the meeting for any purpose germane to the meeting between the hours of 9:00 am and 5:00 pm at our offices at 2187 Atlantic Street, 6th Floor, Stamford, Connecticut 06902 by contacting our Corporate Secretary.

Q: WHEN ARE PROPOSALS FOR THE 2009 ANNUAL MEETING DUE?

A: Under the rules of the Securities and Exchange Commission, or SEC, if a security holder would like us to include a proposal in our proxy statement and form of proxy for our 2009 annual meeting of security holders, the proposal must be received by us at our offices at 2187 Atlantic Street, 6th Floor, CT 06902 by December 26, 2008, and must otherwise comply with SEC Rule 14a-8. Proposals should be sent to the attention of our Corporate Secretary.

All security holders who wish to bring business before the annual meeting to take place in 2009 that will not be included in our proxy statement, including the nomination of candidates for election as directors, must provide notice to our Corporate Secretary by certified mail, return receipt requested, to Corporate Secretary, Centerplate, Inc., 2187 Atlantic Street, 6th Floor, Stamford, CT 06902 no later than February 23, 2009 and no earlier than January 24, 2009. However, if the 2009 Annual Meeting does not occur between May 2, 2009 and July 31, 2009, the notice must be received not earlier than 120 days before the 2009 Annual Meeting and not later than the close of business on the later of 90 days before the 2009 Annual Meeting or 10 days following the day on which public announcement of the 2009 Annual Meeting is first made. The notice must set forth the security holder's name and address as they appear on our books and the class and number of shares of common stock beneficially owned by such security holder. Additionally, the notice must set forth, as to each person whom the security holder proposes to nominate for election as a director, all information relating to such person required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including such person's written consent to being named as a nominee and to serving as a director if elected).

You may contact the Corporate Secretary at the address above for a copy of the relevant bylaw provisions regarding the requirements for making security holder proposals and nominating director candidates.

Q: WHO PAYS THE COST OF SOLICITING THE PROXIES REQUESTED?

A: We will pay the expenses of soliciting proxies for the 2008 Annual Meeting, including the costs of preparing, printing and mailing this Proxy Statement and payments to brokerage firms, banks and others for forwarding solicitation materials to indirect owners of shares of our common stock. In addition to use of the mail, proxies may be solicited personally or by telephone by officers, directors and other employees of Centerplate, without additional compensation, and by employees of BNY Mellon, our vote tabulator.

Q: HOW CAN I GET A COPY OF CENTERPLATE'S ANNUAL REPORT?

A: If you were a holder of record on April 10, 2008, you should have received a copy of our Annual Report on Form 10-K for the fiscal year ended on January 1, 2008, either with this Proxy Statement or prior to its receipt. If you have not received this Annual Report on Form 10-K, please write to Centerplate at the address below or call Centerplate at (203) 975-5900, and a copy without exhibits will be sent to you. Requests for copies of the Annual Report on Form 10-K should be sent to: Corporate Secretary, Centerplate, Inc., 2187 Atlantic Street, 6th Floor, Stamford, CT 06902.

PROPOSAL ONE — ELECTION OF DIRECTORS

Composition of our Board of Directors

Our Board of Directors currently consists of six members. At each annual meeting, each of our directors will be elected for a term expiring at the annual meeting occurring in the following year. Each director will hold office until his or her successor has been elected and qualified or, if earlier, until the director's resignation or removal.

The following six individuals are currently serving as directors:

Name	Age	Position
David M. Williams	66	Chairman of the Board of Directors
Janet L. Steinmayer	52	President, Chief Executive Officer and Director
Felix P. Chee	61	Director
Sue Ling Gin	66	Director
Alfred Poe	59	Director
Glenn R. Zander	61	Director

Nominees for Election to the Board of Directors

The following individuals have been nominated by the Board of Directors as recommended by the Corporate Governance Committee.

David M. Williams (Toronto, Ontario) became the Chairman of the Board of Directors on March 1, 2006. He served as the President and Chief Executive Officer of the Ontario Workplace Safety & Insurance Board from 1998 until June 2003. Prior to that he held the position of Executive Vice President at George Weston Limited, a large publicly held food processing and distribution company, and has held numerous positions with Loblaw Companies Ltd., a major food distributor, including Executive Vice President, Chief Financial Officer and President of National Grocers Co., Ltd., a Loblaw subsidiary. Mr. Williams is a Director of Morrison Lamothe Inc., Toronto Hydro Electrical Services Ltd., Aastra Technologies Inc., and Shoppers Drug Mart Corp., and a Trustee for the Canadian Apartment Properties Real Estate Investment Trust (CAP REIT). Mr. Williams is a certified general accountant and holds a ICD.d designation from the Institute of Corporate Directors. Mr. Williams has served as one of our directors since December 2003.

Janet L. Steinmayer (Old Greenwich, Connecticut) is our President and Chief Executive Officer. She served as our Vice President from August 1998 to December 2000, when she became Executive Vice President, was appointed Senior Executive Vice President in January 2004, President in February 2005 and Chief Operating Officer in September 2005. She was named Chief Executive Officer on March 1, 2006. Ms. Steinmayer also was our General Counsel from August 1998 through September 2005 and was General Counsel and an executive officer of Service America from November 1993 through September 2005. From 1992 to 1993, she was Senior Vice President-External Affairs and General Counsel of Trans World Airlines, Inc., or TWA. From April 1990 to 1991, she served as Vice President-Law, Deputy General Counsel and Corporate Secretary at TWA. Ms. Steinmayer was a partner of the Connecticut law firm of Levett, Rockwood & Sanders, P.C. from 1988 to 1990. Ms. Steinmayer is a Trustee of Bryn Mawr College and serves as a member of the Board of Directors of the Business Council of Fairfield County and the Eagle Hill-Southport School and as Chair of the Listed Company Council of the American Stock Exchange. She was appointed to our Board of Directors in September 2005.

Felix P. Chee (Oakville, Ontario) was the President and Chief Executive Officer of the University of Toronto Asset Management Corporation from January 2004 to February 2008. From October 2001 to December 2003 he was Vice President of Business Affairs and Chief Financial Officer at the University of Toronto. From 1986 to 2001, Mr. Chee held positions of Executive Vice President and Chief Investment Officer at Manulife Financial, a major financial services company; Senior Vice President, Corporate Finance at Ontario Hydro Corporation, a Canadian utility; and Senior Investment Officer of the International Finance Corporation of the World Bank Group. Mr. Chee has acted as Director for the Manulife Bank of Canada and as a member of the Board of Governors for York University. Mr. Chee currently is a Director of Infrastructure Ontario. Mr. Chee has served as one of our directors since December 2003.

Sue Ling Gin (Chicago, Illinois) is the owner and founder of Flying Food Fare, Inc., an in-flight catering company serving 80 international airlines, and has served as its President and Chief Executive Officer since 1983. She is also the owner and founder of New Management, Ltd., a real estate sales, leasing, management and development firm, and has served as its President since 1977. She is a Director of Exelon Corporation, Commonwealth Edison and the Chicago Botanical Gardens. Ms. Gin is a General Partner of Haymarket Square Associates, a real estate partnership. Ms. Gin also serves as Chairman and Chief Executive Officer of Flying Food Group, LLC, President and Director of the William G. McGowan Charitable Fund, Inc., President and Director of the Sue Ling Gin Charitable Fund, Inc. and as a Trustee for DePaul University, the Field Museum of Chicago and Rush University Medical Center. Ms. Gin has served as one of our directors since October 2004.

Alfred Poe (Chester, New Jersey) is the lead investor of AJA Restaurant Group, which owns and operates fast food restaurants in Florida, Ohio and New York, and has served as its Chairman and Chief Executive Officer since 1999. Mr. Poe was the Chief Executive Officer of Superior Nutrition Corporation, a provider of nutrition products, from 1997 to 2002 and served as Chairman of MenuDirect Corporation, a provider of specialty meals for people on restricted diets, from 1997 to 1999. He purchased MenuDirect in 2001 and is currently its President and Chief Executive Officer. From 1991 through 1996, Mr. Poe was a Corporate Vice President of Campbell's Soup Company, and from 1993 through 1996 he was the President of Campbell's meal enhancement group. Prior to his work at Campbell, Mr. Poe held marketing positions at Mars, Inc. and served as Group Project Manager for General Foods Corporation. Mr. Poe is currently a director of B&G Foods, Inc., a diversified food company that has issued securities similar to our IDSs. Mr. Poe has served as one of our directors since October 2004.

Glenn R. Zander (Kennesaw, Georgia) served as President and Chief Executive Officer of Aloha Airgroup, Inc., an airline services company providing inter-island passenger and freight transportation through its subsidiaries, Aloha Airlines and Aloha Island Air, from May 1994 until October 4, 2004. Aloha Airgroup, Inc. filed for bankruptcy protection on December 30, 2004. From 1980 to 1994, he held various positions with Trans World Airlines, Inc., including Vice Chairman, Co-Chief Executive Officer, Senior Vice President, Chief Financial Officer, Vice President, Controller and Vice President Finance — International. Mr. Zander has served as one of our directors since October 2004.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE DIRECTOR NOMINEES LISTED ABOVE.

CORPORATE GOVERNANCE

We are committed to ethical business conduct and sound and effective corporate governance practices. In support of this commitment, we are governed by our Guide to Business Conduct (the "Guide"), which is available for your review on our Web site at www.centerplate.com. Our Corporate Governance Committee is responsible for overseeing compliance with the principles set forth in the Guide. These principles, applicable to all directors, officers and employees of Centerplate, are intended to promote: honest and ethical conduct; full, fair, accurate and timely disclosure in reports filed with the SEC and in other public communications; and compliance with applicable laws.

The Board of Directors has created the following standing committees: the Audit Committee, the Compensation Committee and the Corporate Governance Committee.

The Board of Directors has determined that each of our current directors, except for Ms. Steinmayer, and all of the members of the Audit, Compensation and Corporate Governance Committees, are "independent," as currently defined by the SEC and by the listing standards of the American Stock Exchange, or AMEX.

Board Meeting Attendance

Our Board of Directors held eight meetings during our fiscal year ended January 1, 2008. Each incumbent director attended at least 75 percent of the meetings of the Board of Directors and meetings of the committees of the Board of Directors on which he or she served during fiscal 2007.

Each incumbent director attended our 2007 Annual Meeting of security holders. We expect all of our directors to attend our annual meeting of security holders, absent an emergency or other unforeseen circumstances.

Security Holder Communications with our Board of Directors

The Board of Directors has implemented a process by which security holders may communicate with the Board of Directors. Security holders may communicate with any of our directors by writing to them c/o Corporate Secretary and/or Vice President-Internal Audit at Centerplate, Inc., 2187 Atlantic Street, 6th Floor, Stamford, CT 06902.

Audit Committee

The current members of the Audit Committee are Messrs. Chee (Chair), Williams and Zander. The Audit Committee held 11 meetings during fiscal 2007. All of the members of the Audit Committee have been determined by the Board of Directors to be "independent," as defined by the SEC and the listing standards of the AMEX. The Board of Directors has determined that each member of the Audit Committee is an audit committee financial expert as defined in the rules of the SEC.

The Audit Committee oversees the performance of our internal audit function and our compliance with legal, ethical and regulatory matters; monitors our financial reporting process and internal control system; and appoints and replaces our independent registered public accounting firm from time to time, determines their compensation and other terms of engagement, and oversees their work.

The Audit Committee operates under a written charter adopted by the Board of Directors. The charter is not available on our website but was included as Appendix A to the proxy statement for our 2007 annual meeting of security holders that was filed with the SEC on April 26, 2007 (the "2007 proxy statement"). The Report of the Audit Committee appears on page 9 of this proxy statement.

Compensation Committee

The current members of the Compensation Committee are Messrs. Poe (Chair), Williams and Zander. The Compensation Committee held five meetings during fiscal year 2007. The Compensation Committee oversees the development and implementation of Centerplate's compensation policies, strategies, plans and programs for our key employees and outside directors and disclosure relating to these matters; reviews and approves the compensation of our Chief Executive Officer and the other executive officers of Centerplate; and provides oversight concerning selection of officers, management succession planning, performance of individual executives and related matters. Where legally permissible, the Committee may delegate its responsibilities as it deems necessary or appropriate; however, the Committee did not delegate any of its responsibilities in 2007.

The Compensation Committee operates under a written charter adopted by the Board of Directors. The charter is not available on our website but was included as Appendix B to the 2007 proxy statement. The Report of the Compensation Committee is on page 14 of this proxy statement.

Corporate Governance Committee

The current members of the Corporate Governance Committee are Ms. Gin (Chair) and Mr. Poe. The Corporate Governance Committee held two meetings during fiscal 2007. The Corporate Governance Committee establishes criteria for Board and committee membership; recommends to our Board of Directors proposed nominees for election to the Board of Directors and for membership on committees of the Board of Directors; makes recommendations regarding proposals submitted by our security holders; and makes recommendations to our Board of Directors regarding corporate governance matters and practices.

The Corporate Governance Committee operates under a written charter adopted by the Board of Directors. The charter is not available on our website but was included as Appendix C to the 2007 proxy statement.

Consideration of Candidates Submitted by Security Holders

The Corporate Governance Committee will review and consider candidates for nomination as a director submitted by security holders on the same basis as other candidates in accordance with the procedures set forth in our bylaws, as summarized in the "Questions and Answers" section on page 4 of this proxy statement.

Identifying and Evaluating Nominees

In identifying director candidates, other than those who may be proposed by security holders, the Corporate Governance Committee will solicit ideas for possible candidates from a number of sources, including members of the Board of Directors, Centerplate's executive officers and individuals personally known to members of the Board. In addition, the Corporate Governance Committee is authorized to use its authority under its charter to retain an outside search firm to identify qualified candidates. When considering nominations for membership on our Board of Directors, the Corporate Governance Committee seeks to identify candidates who have the highest personal and professional ethical standards and who are committed to furthering the long-term interests of security holders and Centerplate. Qualified candidates must also have an inquisitive and objective perspective, practical wisdom and mature judgment. We believe that our Board of Directors should represent diverse experience and demonstrate leadership in business, government, education or community organizations. Board members should have special business skills, expertise and backgrounds that are relevant to our business. The Corporate Governance Committee also has a commitment to diversity and will seek diversity in gender, ethnicity and personal background when it considers candidates for Board membership.

AUDIT MATTERS

The following Report of the Audit Committee shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any of our future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934.

REPORT OF THE AUDIT COMMITTEE

Management is responsible for our internal controls, financial reporting process and compliance with laws, regulations and ethical business standards. The independent auditors are responsible for performing an independent audit of Centerplate's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board and for issuing reports on the financial statements and the effectiveness of the company's internal control over financial reporting. The Audit Committee monitors and oversees these processes.

The Audit Committee has reviewed and discussed Centerplate's audited financial statements for the fiscal year ended January 1, 2008, with management, with the internal auditor and with Deloitte & Touche LLP, our independent auditors for the fiscal year ended January 1, 2008. In addition, the Audit Committee has discussed with Deloitte & Touche LLP the matters required by Statement of Auditing Standards No. 61 (Communication with Audit Committees), as amended.

The Audit Committee has received the written disclosures and the letter from Deloitte & Touche LLP as required by Independence Standard No. 1 (Independence Discussions with Audit Committees), and has discussed with Deloitte & Touche LLP that firm's independence. The Audit Committee has also considered whether the provision of non-audit services is compatible with maintaining Deloitte & Touche LLP's independence.

Based on the Audit Committee's reviews and discussions with management and the independent auditors as discussed above, the Committee recommended that the Board of Directors include Centerplate's audited financial statements in its Annual Report on Form 10-K for the fiscal year ended January 1, 2008 for filing with the SEC.

AUDIT COMMITTEE

Felix P. Chee, Chair
David M. Williams
Glenn R. Zander

Independent Auditors' Fees

Centerplate paid Deloitte & Touche LLP the following fees for services performed with respect to the 2007 and 2006 fiscal years:

	2007	2006
Audit Fees(1):	$1,705,701	$1,461,946
Audit-Related Fees:	0	0
Tax Fees:	0	0
All other fees:	0	0
TOTAL	$1,705,701	$1,461,946

(1) Audit fees for 2007 and 2006 included $845,601 and $562,446, respectively, related to the preparation of the registration statement in connection with the secondary offering completed in December 2007, as described under "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS — Registered Secondary Offering of IDSs."

Advance Approval Policy

In accordance with the procedures set forth in its charter, the Audit Committee approves in advance all auditing services and permitted non-audit services (including the fees and terms of those services) to be performed for Centerplate by its independent auditors. Such approval may be accomplished by approving the terms of the engagement prior to the engagement of the independent auditors with respect to such services or by establishing detailed advance-approval policies and procedures to govern such engagement.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Compensation Committee of the Board of Directors (the "Compensation Committee" or, in this section, the "Committee") oversees the development and implementation of our compensation policies, strategies, plans and programs for our Chief Executive Officer (CEO) and other named executive officers. The Committee recommends the compensation of our CEO to the full Board. The Committee determines the compensation of the other named executive officers of Centerplate based on the CEO's recommendations. Our executive officers are involved in Committee decisions through the development and preparation of proposals to the Committee for its consideration and approval.

The Compensation Committee uses internal evaluations of performance and analysis of compensation practices in industries where our company competes for qualified executive talent in making its compensation decisions. From time to time, the Committee uses outside compensation consultants to provide guidance on various compensation issues. In 2006, we retained Frederic W. Cook & Co., Inc. to provide advice on annual and long-term incentive plan design. The Committee reviews Centerplate's compensation programs and strategies at least annually.

Centerplate's compensation policies are designed to reflect and reinforce our strategic and operational goals. Our principal financial goal is to increase profitability and strengthen our financial position. Our incentive compensation is therefore focused on improvements in adjusted EBITDA, or earnings before interest, taxes, depreciation and amortization, as described further below. We believe our compensation policies align the interests of our management with the interests of our security holders by tying a significant portion of management compensation to the achievement of our principal financial goals.

Our key strategic initiatives — culinary excellence, branded concepts, speed of service and facility design — are intended to differentiate ourselves in the market and ultimately help strengthen our financial position by operating more profitably. In order to fully implement and build upon these strategic initiatives, we need to be able to attract and retain highly skilled and experienced executive officers and other members of senior management. In addition, in 2006 we improved our operating efficiency through changes in our management infrastructure that included hiring two new executive officers and several other key senior managers, as well as realigning our organizational structure. Our compensation packages reflect the competitive pressures of the market in which we operate.

Components of Executive Compensation

The components of Centerplate's executive compensation program are:

- Base salary;
- Annual bonus;
- Long term incentive cash compensation; and
- Other benefits.

We compensate management through short- and long-term performance programs. Our short-term compensation plan includes the executive's salary and annual bonus and is meant to motivate our executives to grow sales and adjusted EBITDA in the current fiscal year. Target awards under the annual bonus plan are set at 50% of each executive officer's base salary, reflecting the importance of these incentives in our overall compensation strategy. Awards under our long-term performance plan (LTPP) are made based on management's performance over a three-year period and are meant to incentivize executive officers and other members of our senior management team to focus on driving long-term growth for Centerplate and its security holders. Target awards for executive officers under the LTPP are considerably more difficult to achieve than the performance targets under our annual bonus plan.

Base Salary. The initial base salaries for our executive officers are set in their employment agreements with us, subject to discretionary annual increases. Initial base salaries are set based on the executive's position, level of responsibility and knowledge and experience. Our financial performance, the executives' individual contributions to the business and market conditions are taken into account in evaluating salary increases. From time to time, the Compensation Committee also uses compensation surveys and industry data to help it determine appropriate levels of base salary. We review base salaries annually to take into account individual and company performance, as well as competitive conditions in our industry or in the market as a whole. However, consistent with our objective of rewarding performance, executive salaries are not automatically increased each year.

In March, 2006, the base salary of our CEO, Janet L. Steinmayer, was increased to $650,000 in connection with her appointment as CEO. Ms. Steinmayer volunteered not to take an increase in 2007 to support the company. In 2008, Ms. Steinmayer's salary was increased to $700,000, effective as of January 2, 2008. In approving these increases, the Committee considered the other forms of compensation available to Ms. Steinmayer, as described below.

Kevin F. McNamara, Executive Vice President and Chief Financial Officer, and William H. Peterson, Executive Vice President — Operations, joined Centerplate in November 2006. Their base salaries of $350,000 and $360,000, respectively, as set forth in their employment agreements, were determined based on negotiations with these executives prior to their employment by Centerplate and reflect market conditions at the time of their hire. In 2008, their salaries were increased to $367,500 and $378,000, respectively, effective as of January 2, 2008.

Annual Bonus. We maintain an annual bonus program designed to award executive officers and other managers with annual cash payments if Centerplate attains specified levels of adjusted EBITDA, determined on an annual basis by the Compensation Committee. Bonus amounts are paid as a percentage of base salary. The Board of Directors may amend or cancel the annual bonus program, or adjust any award, at any time.

For 2006 and prior years, awards under the annual bonus program were based solely on the achievement of company or business unit adjusted EBITDA targets. The amount of the individual's bonus varied with the amount of the individual's base salary and bonus percentage. Individual performance evaluations did not factor into the amount of bonus awarded. This structure was designed to motivate all members of management to seek to increase adjusted EBITDA. For 2007, the Compensation Committee approved a management proposal to make 75% of the total bonus pool payable based on achievement of adjusted EBITDA targets, with the remaining 25% of the pool to be awarded based on the individual performance of the executive officers and other members of the senior management team. This change was intended to allow us to reward exceptional performance, while maintaining the benefits of the program.

Annual bonus targets are aggressive and are meant to challenge management to grow sales and EBITDA beyond historical growth rates. Payment of the 75% of the bonus, which is dependent upon adjusted EBITDA results, is not made unless at least 95% of the adjusted EBITDA performance target is achieved. Meeting this minimum percentage of the target performance results in payment of 50% of the target award amount, while achieving the adjusted EBITDA performance target results in a payment of 100% of the target award amount. Exceeding a specified percentage above the adjusted EBITDA target could result in payment of 150% of the bonus target award amount.

For 2007, the bonus target amounts for Ms. Steinmayer, Mr. McNamara and Mr. Peterson were 50% of their base salaries. Seventy-five percent of each individual's potential bonus award was based on the company's achievement of the 2007 adjusted EBITDA performance target, while the remaining 25% was based on the achievement individual performance goals and other considerations as determined by the Compensation Committee in its discretion. Under their employment agreements, Messrs. McNamara and Peterson were guaranteed bonuses of at least $100,000 in 2007 under the annual bonus program. Actual bonus awards for 2007 for Ms. Steinmayer and Messrs. McNamara and Peterson were $222,300, $119,700 and $123,000, respectively.

Messrs. Peterson and McNamara each also received a special stay-on bonus of $150,000 in 2007 under their respective employment agreements, payable after six months for Mr. Peterson and 10 months for Mr. McNamara.

Long-Term Incentive Compensation. Our long-term incentive compensation is cash-based because our common stock is not publicly traded except as a component of our IDSs. Stock-based incentives such as stock options or restricted stock would not have the value that they would for public companies with more typical capital structures. In addition, we believe that the use of IDSs as a form of compensation to executives would be unduly difficult to implement, given the complex structure of our IDSs.

In 2004, we adopted, and our security holders approved, a Long-Term Performance Plan (the "LTPP") pursuant to which our executive officers and other key employees and members of senior management may receive long-term performance cash awards contingent upon the achievement of specific company performance goals set by the Compensation Committee. Our current executive officers and, since 2006, other members of our senior management team are eligible to participate in the LTPP. No more than 50 employees may have awards outstanding under the LTPP for any given grant year.

The Compensation Committee determines (1) the participants in the LTPP, (2) the performance periods for which awards will be paid, (3) the target awards that will paid upon the attainment of the applicable performance objectives and (4) the formula for determining the minimum and maximum amounts to be paid. The Compensation Committee has the power to interpret, construe and administer the LTPP, and may increase a participant's award if it deems appropriate at the conclusion of a performance period.

We intend for the LTPP to be a performance-based compensation arrangement within the meaning of Section 162(m) of the Internal Revenue Code, in order to ensure the full deductibility of all payments made under the LTPP to our executive officers and other members of senior management whose compensation would otherwise be subject to the limitations on deductibility under Section 162(m).

Awards under the LTPP are based upon our company's attainment of performance goals that are selected by the Compensation Committee and are measured over a three-year performance period. Target awards are generally expressed as a percentage of the participant's "total compensation" (highest annual salary plus highest annual bonus) over the performance period. Under the awards granted thus far, our executive officers may receive awards ranging between 50% and 200% of their total compensation if specified levels of improvement in adjusted EBITDA are achieved. The 2005 class awards also included a diversification measure that could increase the amount payable by up to an additional 10% of total compensation (but not over 200% of total compensation). The diversification measure, which was discontinued starting with the 2006 class awards, was based on reductions in the percentage of adjusted EBITDA represented by certain of our large accounts. The 2007 awards may be reduced if the company does not improve its portfolio value and the management of its balance sheet. No award is payable unless the specified adjusted EBITDA targets are achieved. Unless otherwise determined by the Board or the Compensation Committee, the awards to executive officers are not payable if dividend payments on our IDSs are reduced from historical levels.

The LTPP targets are very aggressive and difficult to achieve and are designed to motivate and challenge employees to drive EBITDA growth at a rate that is significantly higher than our annual bonus targets. None of the aggressive requisite targets has been achieved, and hence no payments have been made under the LTPP, since the inception of the program.

Awards under the LTPP will be paid in cash and, absent a change in control, the award will be paid only if the participant is employed by Centerplate on the payment date, unless the participant's employment is terminated as a result of death, retirement or approved resignation for disability, or as otherwise determined by the Board or the Compensation Committee.

The 2005 class awards were based on improvements in adjusted EBITDA plus the diversification factor as described above from 2005 through 2007. The 2005 class awards expired without payment because the minimum performance criteria for the performance period ending in 2007 were not satisfied. Of our current executive officers, only Ms. Steinmayer was a participant in the 2005 class awards.

Ms. Steinmayer, Messrs. McNamara and Peterson and other members of our senior management team are participants in the 2006 class awards, which cover the performance period from 2006 through 2008, and the 2007 class awards, which cover the period from 2007 through 2009. These awards will not be determinable until the end of our 2008 and 2009 fiscal years, respectively.

Perquisites. Executive officers receive various perquisites provided by or paid for by our company. These perquisites include our automobile allowance, membership in a club and payment of medical and term life insurance premiums. We provide these perquisites as part of a total compensation package we believe necessary to attract and retain top-performing executives.

Termination and Change in Control. Our CEO will receive a one-time payment equal to twice her annual base salary then in effect, plus a continuation for a period of up to 18 months of certain employee benefits if her employment is terminated by us without cause or by her for good reason, including a voluntary resignation upon a change in control of our company. Our employment agreements with Messrs. McNamara and Peterson provide for severance in an amount equal to one-year's base salary, but do not provide separate benefits upon a change in control. See "Executive Compensation — Potential Payments upon Termination or Change in Control."

Under our LTPP, the Compensation Committee may designate specific award recipients to receive incentive payments if there is a change in control (as defined in the LTPP), irrespective of whether the executive's employment is terminated in connection with the event. The LTPP further provides that if a designated executive's employment is terminated, or if the executive resigns for "good reason" (as defined in the LTPP), within two years of a change in control, then he or she will receive an additional payment. See "Executive Compensation — Potential Payments upon Termination or Change in Control" for a description of these change in control benefits.

The Compensation Committee believes that these severance and change in control arrangements are important as a recruitment and retention device in securing the continued employment and dedication of our executive officers, notwithstanding any concern that they might have regarding their own continued employment prior to or following a change in control.

401(k) Plan. We sponsor the Centerplate Retirement and Savings Plan, or 401(k) plan, which allows eligible employees to save for retirement. Subject to limitations imposed by the Internal Revenue Service, participants can elect to defer up to 50% of their compensation, on a pre-tax basis, through contributions to the plan. Participants who are deemed to be "highly compensated employees," including all of our executive officers, are limited to deferrals of up to 4% of their compensation. Centerplate currently matches 25% of the first 6% deferred.

Deferred Compensation Plan. We also sponsor a non-tax qualified deferred compensation plan in which our executive officers and certain other employees may participate. The deferred compensation plan is administered by the Compensation Committee. Prior to the beginning of a plan year, participants in the plan may elect to make pre-tax deferrals of a portion of their base salary and bonuses for that plan year, subject to maximum and minimum percentage or dollar amount limitations. At the discretion of the Compensation Committee, the company may make matching contributions with respect to a portion of a participant's deferrals. A participant's deferrals and matching contributions, if any, are credited to a bookkeeping account and accrue earnings or losses as if held in certain investments selected by the participant. Our deferred compensation plan is unfunded, and participants are unsecured general creditors of Centerplate as to their accounts.

None of the named executive officers has utilized our deferred compensation plan within the past three years and there are no amounts owing to any such officers under the plan.

The following report of the Compensation Committee shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing of Centerplate under the Securities Act of 1933 or the Securities Exchange Act of 1934.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with our executive management and, based on such review and discussions, the Committee recommended to the Board of Directors that the information set forth under the heading "Compensation Discussion and Analysis" be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K for the fiscal year 2007 ended January 1, 2008.

COMPENSATION COMMITTEE

Alfred Poe, Chair
David M. Williams
Glenn R. Zander

EXECUTIVE COMPENSATION

Executive Officers

Name	Age	Position
Janet L. Steinmayer	52	President and Chief Executive Officer
Kevin F. McNamara	41	Executive Vice President and Chief Financial Officer
William H. Peterson	42	Executive Vice President — Operations

Please see "Nominees for Election to the Board of Directors" on page 5 of this proxy statement for information regarding Ms. Steinmayer's business background.

Kevin F. McNamara joined Centerplate in November 2006, as Executive Vice President and Chief Financial Officer. Mr. McNamara was employed by the Gillette Company and its successor, the Proctor & Gamble Company, from 1988 to 2006 holding various finance positions. Prior to joining Centerplate, Mr. McNamara was the Vice President, Finance — Gillette Global Grooming.

William H. Peterson joined Centerplate in November 2006, as Executive Vice President — Operations. From 2000 to 2006, Mr. Peterson held senior operations positions at Anschultz Entertainment Group (AEG), a leading sports and entertainment promoter, most recently as Senior Vice President of the AEG Sports Division. Prior to holding this position, Mr. Peterson served as President of the National Football League Europe from 1999 to 2000.

Summary Compensation Table For Fiscal 2007 and 2006

Name and Principal Position	Year	Salary ($)	Bonus(4) ($)	Non-Equity Incentive Plan Compensation(5) ($)	All Other Compensation(6) ($)	Total ($)
Janet L. Steinmayer,	2007	$650,000	$ 55,575	$166,725	$ 32,811	$905,111
Chief Executive Officer and President(1) (PEO)	2006	$630,769	—	$325,018	$ 29,673	$985,460
Kevin F. McNamara	2007	$350,000	$179,925	$ 89,775	$ 55,217	$674,917
Chief Financial Officer, Executive Vice President(2) (PFO)	2006	$ 25,577	$100,000	—	$109,623	$135,200
William H. Peterson	2007	$360,000	$180,795	$ 92,325	$ 16,652	$649,752
Executive Vice President — Operations(3)	2006	$ 37,385	$100,000	—	$100,000	$137,385

(1) Ms. Steinmayer served as our President and Chief Operating Officer until March 1, 2006, when she was appointed our President and Chief Executive Officer.

(2) Mr. McNamara was named our Executive Vice President and Chief Financial Officer on October 25, 2006, and joined our company on November 27, 2006.

(3) Mr. Peterson was named our Executive Vice President-Operations on October 25, 2006, and joined our company on November 13, 2006.

(4) Consists of the 25% of the 2007 annual bonus program that was awarded at the discretion of the Compensation Committee and the "stay bonus" and special bonus payments to Messrs. McNamara and Peterson under their employment agreements ($150,000 each in 2007 and $100,000 each for 2006).

(5) Non-equity incentive plan compensation consists of payments under our 2006 annual bonus program and 75% of the payments under our 2007 annual bonus program.

(6) All other compensation for fiscal 2007 includes the following:

- For Ms. Steinmayer, club dues ($9,142), medical premiums ($11,560), core personnel benefits (mainly life and disability insurance premiums) ($5,623), group term life ($1,242), 401(k) match ($2,700), and personal use of company car ($2,544).

- For Mr. McNamara, relocation expenses, including tax gross up ($34,042), car allowance ($9,750), medical premiums ($7,621), core personnel benefits ($3,323), group term life ($346) and 401(k) match ($135).

- For Mr. Peterson, medical premiums ($12,041), core personnel benefits ($3,793), group term life ($358), and personal use of company car ($460).

Grants of Plan-Based Awards For Fiscal 2007

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		
Name	Threshold ($)	Target ($)	Maximum ($
Janet L. Steinmayer, Chief Executive Officer and President (PEO)	$654,375(2)	$138,750(3)	$2,495,625(4)
Kevin F. McNamara Chief Financial Officer, Executive Vice President (PFO)	$352,125(2)	$704,250(3)	$1,342,877(4)
William H. Peterson Executive Vice President — Operations	$362,500(2)	$725,000(3)	$1,382,500(4)

(1) The amounts shown in the table reflect potential threshold, target and maximum awards under the (i) 2007 annual bonus program, excluding the 25% discretionary portion that depends on individual performance assessments and (ii) the 2007 class awards under the LTPP.

(2) Potential threshold compensation consists of the following: for Ms. Steinmayer, $121,875 under the annual bonus program and $532,500 under the LTPP; for Mr. McNamara $65,625 under the annual bonus program and $286,500 under the LTPP; and for Mr. Peterson $67,500 under the annual bonus program and $295,000 under the LTPP.

(3) Potential target compensation consists of the following: for Ms. Steinmayer, $243,750 under the annual bonus program and $1,065,000 under the LTPP; for Mr. McNamara, $131,250 under the annual bonus program and $573,000 under the LTPP; and for Mr. Peterson, $135,000 under the annual bonus program and $590,000 under the LTPP.

(4) Potential maximum compensation consists of the following: for Ms. Steinmayer, $365,625 under the annual bonus program and $2,130,000 under the LTPP; for Mr. McNamara, $196,877 under the annual bonus program and 1,146,000 under the LTPP; and for Mr. Peterson, $202,500 under the annual bonus program and $1,180,000 under the LTPP.

Employment Agreements

We have the following agreements with our named executive officers:

Janet L. Steinmayer. On September 29, 1998, we entered into an employment agreement with Ms. Steinmayer, which was amended in September 2005 and again in March 2006. Under the amended agreement, Ms. Steinmayer's annual base salary is $650,000. Ms. Steinmayer volunteered to not take an increase in 2007 to support the company. In 2008, Ms. Steinmayer's salary was increased to $700,000. Ms. Steinmayer is entitled to an annual bonus targeted at 50% of her annual base salary at the discretion of our Board of Directors and to participate in any executive bonus plan and all employee benefits plans maintained by the company. In the case of a termination of her employment by Centerplate without cause or by Ms. Steinmayer for good reason, including voluntary resignation upon a change in control of Centerplate, Ms. Steinmayer will receive a one-time payment of an amount equal to two times her annual base salary then in effect, plus continuation for a period of up to 18 months of certain employee benefits available to her as an employee. During, and for two years after termination of, Ms. Steinmayer's employment, she has agreed that, without our prior written consent, she will not have any involvement in any enterprise that provides food services, as defined in the agreement, in any of the states in the United States in which we operate or solicit any of our employees to leave their employment.

Kevin F. McNamara. In connection with Kevin F. McNamara's appointment as Executive Vice President and Chief Financial Officer in 2006, we entered into an employment agreement with Mr. McNamara under which he receives an annual base salary of $350,000, which was increased to $367,500 for 2008. Mr. McNamara is eligible to receive a bonus targeted at 50% of his annual base salary under our annual bonus plan. Under this employment agreement, Mr. McNamara was guaranteed a bonus of at least $100,000 for 2007, and the actual bonus that he received was $119,700. In addition, Mr. McNamara received a special stay-on bonus of $150,000 in September, 2007 after 10 months of continuous service to Centerplate. Mr. McNamara is entitled to participate in Centerplate's LTPP. We also paid the costs of Mr. McNamara's relocation to the New York tri-state area and provide Mr. McNamara with a company car. Under Mr. McNamara's agreement, if his employment is terminated for any reason, he may not work for, or provide services to, any of Centerplate's clients or competitors, or solicit Centerplate's employees for a competitor, for two years from the date of termination of his employment. The agreement also provides that Mr. McNamara will be entitled to one year's base salary as severance if his employment is terminated without cause.

William H. Peterson. In connection with William H. Peterson's appointment as Executive Vice President-Operations, we entered into an employment agreement under which he receives an annual base salary of $360,000, which was increased to $378,000 for 2008. Mr. Peterson is eligible to receive a bonus targeted at 50% of his annual base salary under our annual bonus plan. Under this employment agreement, Mr. Peterson was guaranteed a bonus of at least $100,000 for 2007, and the actual bonus that he received was $123,120. In addition, Mr. Peterson received a special stay-on bonus of $150,000 in May, 2007 after six months of continuous service to Centerplate. Mr. Peterson is also entitled to participate in Centerplate's LTPP and to the use of a company car. Under Mr. Peterson's agreement, if his employment is terminated for any reason, he may not work for, or provide services to, any of Centerplate's clients or competitors, or solicit Centerplate's employees for a competitor, for two years from the date of termination of his employment. The agreement also provides that Mr. Peterson will be entitled to one year's base salary as severance if his employment is terminated without cause.

Potential Payments upon Termination or Change in Control

The LTPP permits the Compensation Committee to grant change in control benefits to participants under the LTPP. In the event of a Change-in-Control (as defined below) during one or more performance periods, a designated participant's performance goals and performance objectives in respect of all outstanding awards will be deemed to have been achieved and the designated participant will be entitled to receive the greater of (i) the applicable target award with respect to each outstanding award and (ii) the initial amount of the participant's award that would be payable at the conclusion of the applicable performance period, after applying the criteria established for the applicable class award program. Such amount will be paid in a lump sum at the earlier of (i) the time of the termination of the designated participant's employment with Centerplate or (ii) the time that the award would otherwise be paid where there is no termination of employment. If a designated participant's employment is terminated within two years of a Change-in-Control, or if a designated participant resigns for "Good Reason" (as defined below) within two years from the date of a Change-in-Control, the designated participant will receive the Change-in-Control benefits described above, to the extent not already paid, plus an additional amount equal to such previously described Change-in-Control benefits. Such amount will be paid in a lump sum at the time of termination of employment. The Compensation Committee granted Ms. Steinmayer the right to receive Change-in-Control benefits, if applicable, under the LTPP for the 2005 class awards. Ms. Steinmayer, Mr. McNamara and Mr. Peterson will have the right to receive Change-in-Control benefits under the LTPP, if applicable, for the 2006 and 2007 class awards.

For purposes of the plan, a "Change-in-Control" means (i) an event by which any "person" (as such term is used in Sections 3(a)(9) and 13(d)(3) of the Securities Exchange Act of 1934) is or becomes the beneficial owner, directly or indirectly, of securities of Centerplate representing 51% or more of the combined voting power of the then outstanding securities of Centerplate; (ii) a change in the composition of a majority of the Board of Directors within 12 months after any person is or becomes the beneficial owner, directly or indirectly, of securities of Centerplate representing 25% of the combined voting power of the then outstanding securities of Centerplate; or (iii) the sale of substantially all the assets of Centerplate and/or its operating subsidiaries. A resignation for "Good Reason" means a voluntary termination by a designated participant that otherwise entitles the designated participant to severance benefits pursuant to the terms of an employment agreement between the designated participant and Centerplate.

Our employment agreement with Ms. Steinmayer provides that if her employment is terminated by us without cause or by her for good reason, including a voluntary termination upon a change in control of our company, she will receive a one-time payment equal to twice her annual base salary then in effect, plus a continuation for a period of up to 18 months of certain employee benefits available to her as an employee. Our employment agreements with Messrs. McNamara and Peterson provide that if their employment is terminated by us without cause they will receive one year's base salary payable over the one-year period following termination, in accordance with Centerplate's normal payroll practice.

The following table summarizes the estimated benefits that would have been payable to each executive under the LTPP and their employment agreement if their employment had been terminated, as described above, or if there had been a change in control of Centerplate, on December 31, 2007.

Name	Termination of Employment (No Change in Control)	Change in Control without Termination of Employment	Change in Control with Termination of Employment
Janet L. Steinmayer	$1,606,250(1)	$2,040,000(2)	$5,686,250(3)
Kevin F. McNamara	$ 350,000(4)	$1,098,000(5)	$2,546,000(6)
William H. Peterson	$ 360,000(7)	$1,130,000(8)	$2,620,000(9)

(1) Consists of severance under Ms. Steinmayer's employment agreement equal to two times her annual base salary, plus an estimate of 18 months of benefit costs and accrued vacation.

(2) Consists of payments under the LTPP 2006 class award equal to $975,000, or 100% of Ms. Steinmayer's highest base salary and highest bonus during the performance period, and payment under the LTPP 2007 class award equal to $1,065,000. Does not include Change-in-Control benefits of $975,000 under the 2005 class award, which expired without vesting or payout in 2007.

(3) Consists of severance payments under Ms. Steinmayer's employment agreement plus two times the Change-in-Control payments for the 2006 and 2007 class awards under the LTPP that would be available without termination of employment.

(4) Consists of severance under Mr. McNamara's employment agreement equal to one year's annual base salary.

(5) Consists of payment under the LTPP 2006 class award equal to $525,000, or 100% of Mr. McNamara's highest base salary and bonus during the performance period, and payment under the LTPP for the 2007 class award equal to $573,000.

(6) Consists of severance under Mr. McNamara's employment agreement plus two times the Change-in-Control payment under the LTPP.

(7) Consists of severance under Mr. Peterson's employment agreement equal to one year's annual base salary.

(8) Consists of payment under the LTPP 2006 class award equal to $540,000, or 100% of Mr. Peterson's highest base salary and bonus during the performance period, and payment under the LTPP 2007 class award equal to $590,000.

(9) Consists of severance under Mr. Peterson's employment agreement and two times the Change-in-Control payment under the LTPP.

Director Compensation For Fiscal 2007

Name	Fees Earned or Paid in Cash ($)	All Other Compensation ($)	Total ($)
David M. Williams, Chairman	$195,500	—	$195,500
Felix P. Chee	$ 47,500	—	$ 47,500
Sue Ling Gin	$ 44,000	—	$ 44,000
Alfred Poe	$ 46,500	—	$ 46,500
Glenn R. Zander	$ 46,500	—	$ 46,500

For 2007, directors who were not employed by Centerplate received:

- an annual retainer of $35,000;
- an additional annual retainer for committee chairs as follows: $5,000 for the Audit Committee and Compensation Committee, and $2,500 for the Corporate Governance Committee;

- an additional annual retainer for committee membership as follows: $2,000 for the Audit Committee, $1,000 for the Compensation Committee and $500 for the Corporate Governance Committee; and
- an additional $1,000 per meeting for each director attending Board meetings in person ($500 if by telephone).

In addition, for 2007 Mr. Williams received a fee of $150,000 for his services as Chairman of the Board of Directors. For 2008, Mr. Williams agreed to reduce this fee to $100,000.

In November 2006, the Board adopted a program under which directors could elect in advance to have the fourth quarterly installment of their annual retainer used by Centerplate to purchase IDSs on their behalf in the open market at a future time in the following quarter. Purchases were made in early February 2008 on behalf of Messrs. Williams, Chee, Poe and Zander and Ms. Gin. The IDSs are held in accounts in the names of each of these directors, over which these directors have sole investment and voting control.

SHARE OWNERSHIP
OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Principal Holders of Common Stock and IDSs

The following table and the accompanying notes show information as of April 1, 2008 (unless otherwise indicated), based on public filings with the SEC, regarding the beneficial ownership of shares of our common stock and IDSs, and shows the number of and percentage owned by:

- Each person who is known by us to own beneficially more than 5% of our capital stock or IDSs;
- Each member of our Board of Directors;
- Each of our named executive officers; and
- All current members of our Board of Directors and executive officers as a group.

Except as indicated in the footnotes to this table, each person has sole voting and investment power with respect to all shares attributable to such person. All shares of common stock are owned as part of IDS units.

Name of Beneficial Owner	Number of Shares of Common Stock and IDS Units	Percent of Common Stock and Percent of IDSs
FMR LLC(1)	1,722,760	7.1%
HBK(2)	1,883,618	9.0%
Janet L. Steinmayer(3)	0	0
Kevin F. McNamara(3)	0	0
William H. Peterson(3)	0	0
Felix P. Chee	1,150	*
Sue Ling Gin	2,092	*
Alfred Poe	1,142	*
David M. Williams	1,135	*
Glenn R. Zander	1,141	*
All current directors and executive officers as a group (eight persons)(3)	6,660	*%

* Less than 1%.

(1) FMR LLC owns 1,722,760 of our IDS units through its wholly owned subsidiary, Fidelity Management & Research Company ("Fidelity"), as a result of Fidelity's acting as an investment adviser to various investment companies. Edward C. Johnson III, as Chairman of FMR Corp., may be deemed to beneficially own the units owned by FMR LLC. Mr. Johnson and FMR LLC. each have sole investment power over the 1,722,760 IDS units owned by Fidelity. Voting power over the 1,722,760 units rests with the Fidelity Funds' Boards of Trustees. This information is as of December 31, 2007, as set forth in a Schedule 13G/A filed by FMR LLC with the SEC on February 14, 2008. The address of Fidelity and FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109.

(2) HBK Investments L.P., HBK Services LLC, HBK Partners II L.P., HBK Management LLC and HBK Master Fund L.P. have shared voting and investment power over 1,888,618 IDS units, as reported in a Schedule 13G/A filed with the SEC on February 5, 2008. The address of each of these entities is 300 Crescent Court, Suite 700, Dallas, Texas 85201.

(3) Our executive officers do not receive stock options or other forms of equity compensation due to certain restrictions on, and difficulties relating to, the issuance of additional IDSs. Through the annual bonus program and the LTPP, their interests are tied to increases in Adjusted EBITDA, which is the company's principal financial metric.

Section 16(a) Beneficial Ownership Reporting Compliance

The federal securities laws require Centerplate's directors and executive officers, and persons who own more than 10 percent of the outstanding shares of common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of any equity securities of Centerplate on Forms 3, 4, and 5. To our knowledge, based on review of copies of such reports filed with the SEC and representations by these individuals that no other reports were required, all required reports have been filed on a timely basis on behalf of all persons subject to these requirements.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Registered Secondary Offering of IDSs

In connection with our initial public offering, or IPO, in December 2003, we entered into a registration rights agreement and an amended and restated stockholders agreement with our initial equity investors, affiliates of The Blackstone Group, L.P. ("Blackstone") and an affiliate of General Electric Capital Corporation ("GE Capital"). Pursuant to these agreements, the initial equity investors had the right to demand registration of all of their interests in Centerplate for resale under the Securities Act of 1933. In connection with such sale, the initial equity investors had the right to cause us to exchange up to 1,543,179 shares of the common stock held by such investors for up to $14.35 million in subordinated notes in order to create up to 2,517,818 IDSs to be sold on behalf of the initial equity investors pursuant to the registration statement.

In 2006, the initial equity investors renewed an earlier demand for a registration for their equity interests in Centerplate. On March 23, 2007, we filed a shelf registration statement covering sales of those IDSs from time to time after the registration statement became effective. The registration statement was declared effective by the SEC on November 9, 2007, and the sale was completed in December 2007. In connection with the sale, we issued up to $14.35 million in subordinated notes in exchange for up to 1,543,179 shares of common stock to enable up to 2,517,818 IDSs to be sold on behalf of the initial equity investors.

Under the registration rights agreement, we agreed to pay all costs and expenses in connection with any such registration, except underwriting discounts and commissions applicable to the securities sold. We also agreed to indemnify the initial equity investors against certain liabilities, including liabilities under the Securities Act of 1933 and any Canadian securities laws. In 2007, we incurred total costs of approximately $1.7 million in connection with the secondary offering. Pursuant to the amended and restated stockholders agreement, the initial equity investors paid us $807,000 in December 2007 upon completion of the registered offering of their IDSs, representing five months' interest in the IDSs sold in the offering.

Ms. Steinmayer, our President and CEO and a director, held direct and indirect minority interests in the initial equity investors and, as a result, received $117,353 as her share of the proceeds of the December 2007 secondary offering.

We also had the following relationships with Blackstone and G.E. Capital:

Blackstone

Director. Peter Wallace, a managing director of Blackstone, was a director of our company from October 1999 to December 2007, when he resigned following completion of the registered secondary offering of IDSs for the Blackstone and G.E. Capital affiliates described above.

Observer Rights. In connection with our IPO, we and an affiliate of Blackstone entered into an agreement pursuant to which, to the extent not prohibited by law, rule or regulation (including rules of any applicable securities exchange) if we did not have any director affiliated with those investors who held our stock prior to the IPO, then an individual selected by Blackstone Capital Partners II Merchant Banking Fund L.P. and its affiliates would have the right to attend as a non-voting observer all meetings of our Board of Directors, receive all information provided to our directors and participate in all deliberations of our Board of Directors, so long as that individual was acceptable to our Board of Directors, acting reasonably, and so long as the Blackstone affiliate and that individual had executed standard non-disclosure and market stand-off agreements. This agreement terminated following the sale of all of Blackstone's interest in our securities in the registered secondary offering of our IDSs completed in December 2007.

Other Relationships. An affiliate of Blackstone holds approximately $8 million in principal amount of the term loan under our credit facility described below under "— GE Capital — Credit Agreement with GE Capital." In connection with amendments to the credit agreement in 2007, we paid amendment fees of $7,840 to Blackstone.

GE Capital

Credit Agreement with GE Capital. On April 1, 2005, we entered into a credit agreement pursuant to which General Electric Capital Corporation, or GE Capital, agreed to provide up to $215 million of senior secured financing to us. The financing is comprised of a $107.5 million term loan and a $107.5 million revolving credit facility. The term loan currently bears interest at a floating rate equal to a margin of 1.75% over a defined prime rate or a percentage over a Eurodollar rate of 3.75%. The applicable margins for the revolving credit facility are subject to adjustment (from 1.0% to 1.75% for loans based on a defined prime rate and from 3.0% to 3.75% for Eurodollar loans based on our total leverage ratio). The revolving portion of the credit facility has a $35 million letter of credit sub-limit and a $10 million swing loan sub-limit.

The credit agreement contains various financial covenants and other requirements affecting the payment of interest on our subordinated notes and dividends on common stock. The term loan facility matures on October 1, 2010, subject to quarterly amortization payments. The availability of funding under the revolving credit facility depends on the satisfaction of various financial and other conditions, including restrictions in the indenture governing our subordinated notes. The revolving credit facility matures on April 1, 2010, and is subject to an annual 30-day pay down requirement, exclusive of letters of credit and certain specified levels of permitted acquisition and service contract related revolving credit advances. The term loan and the revolving credit facility are secured by substantially all of our assets and rank senior to our subordinated notes. The credit agreement contains customary events of default.

Under the terms of the credit facility, we agreed to pay to GE Capital usual and customary administrative fees of $100,000 annually. In addition, we agreed to indemnify GE Capital and its affiliates against certain liabilities and expenses incurred by them in connection with the loan agreement and certain related matters. In 2007 and thus far in 2008, we paid amendment fees of $32,000 and $281,459 and administrative fees of $100,000 and $110,000, respectively, to GE Capital.

PROPOSAL TWO — RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Deloitte & Touche LLP to serve as our independent registered public accounting firm for the fiscal year ending December 30, 2008. Representatives of Deloitte & Touche LLP will attend the 2008 Annual Meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from security holders.

Although the selection of the independent registered public accounting firm is not required under our by-laws or otherwise to be ratified by our security holders, the Audit Committee has directed that the appointment of Deloitte & Touche LLP be submitted to our security holders for ratification due to the significance of their appointment. If our security holders fail to ratify the selection, it will be considered as a direction to our Board of Directors and the Audit Committee to consider the selection of a different firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of our company and our security holders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 30, 2008.

BY ORDER OF THE BOARD OF DIRECTORS

Rina E. Terán
Corporate Secretary

Dated: April 25, 2008

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

SEC Mail Processing
Section

MAY 01 2008

Washington, DC
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FORM 10-K

(Mark One)

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

For the fiscal year ended January 1, 2008

☐ **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 001-31904

CENTERPLATE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**13-3870167**
(State of incorporation)	*(I.R.S. Employer Identification No.)*
2187 Atlantic Street Stamford, Connecticut 06902	**(203) 975-5900**
(Address of principal executive offices, including zip code)	*(Registrant's telephone number, including area code)*

http://www.centerplate.com
(Registrant's URL)

Securities of Centerplate, Inc. registered pursuant to Section 12(b) of the Act

Title of Each Class	Name of Each Exchange on Which Registered
Income Deposit Securities (representing shares of common stock and subordinated notes)	American Stock Exchange Toronto Stock Exchange

Securities of Centerplate, Inc. registered pursuant to Section 12(g) of the Act:
None

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting Company ☐

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

The aggregate market value of the Income Deposit Securities ("IDSs") held by non-affiliates of Centerplate, Inc. as of July 2, 2007 was approximately $291,816,022. For purposes of this disclosure, IDSs held by persons who hold more than 5% of the outstanding IDSs and IDSs held by officers and directors of the registrant have been excluded because such persons may be deemed to be affiliates.

The number of shares of common stock of Centerplate, Inc. outstanding as of March 17, 2008 was 20,981,813.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2008 annual meeting of securityholders, which is expected to be filed with the Securities and Exchange Commission not later than April 30, 2008, are incorporated by reference into Part III of this Annual Report on Form 10-K. In the event that such proxy statement is not filed by April 30, 2008, the required information will be filed as an amendment to this Annual Report on Form 10-K no later than that date.

CENTERPLATE, INC.

FISCAL YEAR 2007
Form 10-K

ANNUAL REPORT

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* Incorporated by reference to the registrant's definitive proxy statement for its 2008 annual meeting of securityholders, which proxy statement is expected to be filed not later than April 30, 2008.

PART I

Introductory Note

Throughout this Annual Report on Form 10-K, we refer to Centerplate, Inc., a Delaware corporation, as "Centerplate," and, together with its consolidated subsidiaries, as "we," "our" and "us," unless otherwise indicated. Any reference to "VSA" refers to our wholly owned subsidiary, Volume Services America, Inc., a Delaware corporation, and its consolidated operations, unless otherwise indicated. In addition to VSA, Centerplate's subsidiaries include Volume Services, Inc., or VSI, and Service America Corporation, or Service America, each a Delaware corporation, and others. Centerplate is a holding company and has no direct operations. Our principal assets are the capital stock of VSA and any intercompany notes owed to Centerplate, all of which have been pledged to the creditors under the VSA credit facility, which we sometimes refer to as "our credit facility."

When discussing the number of facilities we serve, we have counted all facilities held by a single client as one facility, even though we sometimes service more than one building or location for a particular client. For instance, under our client relationship with the New York Racing Association, which is included as one facility, we service buildings at three different locations: the Aqueduct Racetrack, Belmont Park Racetrack and Saratoga Race Course.

Item 1. *Business*

Overview

We are a leading provider of food and related services, including concessions, catering and merchandise services, in sports facilities, convention centers and other entertainment facilities throughout the United States and in Canada. Based on the number of facilities served, we are one of the largest providers of food and beverage services to a variety of recreational facilities in the United States and are:

- The largest provider to National Football League ("NFL") facilities (11 teams as of February 2008);
- The third largest provider to Major League Baseball ("MLB") facilities (7 teams);
- The largest provider to minor league baseball and spring training facilities (30 teams); and
- One of the largest providers to major convention centers, which we define as those with greater than approximately 300,000 square feet of exhibition space (11 centers).

We have a large, diversified client base, serving 131 facilities as of January 1, 2008, and the average length of these client relationships is over 18 years. Our contracts are typically long-term and exclusive. There can be no assurance, however, that any contract will be renewed after its stated expiration date.

We have provided our services to several of the highest profile sporting and other events, including (as of January 1, 2008):

- 24 World Series games;
- nine U.S. Presidential Inaugural Balls;
- 11 Super Bowls (including Super Bowl XLII held on February 3, 2008);
- nine NCAA Final Four Men's Basketball Tournaments; and
- 14 World Cup Soccer games.

History

We, including our subsidiaries and their predecessors, have been in operation for over 35 years. Centerplate was organized as a Delaware corporation on November 21, 1995 under the name VSI Acquisition II Corporation. In August 1998, through our wholly owned subsidiary, VSA, the parent company of VSI, then one of the leading suppliers of food and beverage services to sports facilities in the United States, we acquired Service America, then one of the leading suppliers of food and beverage services to convention centers in the United States. This acquisition allowed us to enter the convention center market with a significant presence in major convention centers and resulted in our having a substantially more diversified client base and revenue stream. As a result of this acquisition, in October 1998 we changed our corporate name to Volume Services America Holdings, Inc. In October 2004, we changed our corporate name to our current name, Centerplate, Inc.

Strategic Initiatives and Infrastructure Development

Our industry position and experience have enabled us to effectively evaluate and select opportunities for growth. We have implemented four strategic initiatives that we believe have helped to differentiate us from our competitors. These four initiatives are: culinary excellence, speed of service, branded products and innovative facility design.

Culinary excellence

A "culinary leadership network" of our most talented chefs oversees culinary hiring and menus. The group focuses on providing fresh products, unique-to-venue experiences and interactive presentations. The group has implemented a culinary education program where the executive chefs from all of our venues are trained in our approach to maintaining high culinary standards and techniques. We recently hired a vice president-culinary development, who will work with our corporate executive chef and our culinary leadership team to promote innovation in our current venues and design innovative quick service and restaurant concepts.

Speed of service

We have implemented technological advances designed to improve speed and quality of service in our venues, such as the enhancement or introduction of credit card capabilities or the installation of TurboTap®, an improved beer tap that pours draft beer up to four times faster than conventional taps, with the correct proportion of liquid beer and foam. TurboTap® reduces waiting times for our customers. We have installed TurboTap® in all of our MLB venues and most of our NFL venues.

Branded products

We offer a variety of well-recognized branded food service products, as well as in-house brands unique to Centerplate's facilities. We have also developed strategic alliances with locally-based restaurants and other food service providers to offer regional specialties that reflect the character of a particular venue.

Innovative facility design

We work closely with our clients in designing or renovating the portion of the facilities where we provide our services. We use our in-house design and construction capabilities in partnership with outside architects and designers to create state-of-the-art restaurant and concession facilities in a variety of settings.

Infrastructure Development and Strategic Directions

Under the management structure we instituted in late 2006, the services provided at each facility are overseen by a hub vice president, in charge of all our facilities in a particular region or locality, and a line of business expert, who is in charge of improving services at the particular type of facility — stadiums, convention centers, arenas and other attractions. The new structure seeks to better utilize our resources at a regional level and to share operational enhancements across the organization.

In the course of our business, we continuously explore and evaluate opportunities to partner creatively with companies that provide the same, similar or complementary services, or that own or operate sports, convention center or other entertainment venues, in order to enhance our existing operating platforms, achieve operational efficiencies or expand our product offerings. We recently entered into a joint venture in which we own a controlling interest in Harry's Tap Room, a restaurant joint venture that currently operates in one free-standing location in Arlington, Virginia, and two locations in Dulles Airport. Through this joint venture we expect to develop the Harry's Tap Room brand within our current facilities as well as in the broader restaurant category.

In the future, we could acquire another business or enter into a significant joint venture or other transaction that could expand the scope of our business and that could be material. There can be no assurance that we will enter into any material acquisition or joint venture or be able to negotiate favorable transaction terms. We may have difficulty entering into strategic transactions because of our capital structure, and we may encounter various risks in pursuing or completing those transactions. See "Risk Factors — Future strategic transactions, such as acquisitions or joint ventures, may require significant resources or result in significant losses, costs or liabilities."

Services and Clients

Services

We provide food, merchandise and related services, including concessions and catering that are tailored to the needs of our clients. Our principal services include food and beverage concession and catering services in sports and other entertainment facilities, small- to large-scale banquet catering and food court operations in convention centers and in-facility restaurants and catering across the range of facilities that we serve. In operating food courts in our facilities, we typically provide concession services from several different locations that sell a variety of specialty food and beverages, including nationally branded food and beverage products as well as locally provisioned food and beverage elements specific to the individual host city.

We provide merchandise services at many of the facilities where we also provide food and related services; in addition, there are some facilities where we only provide merchandise services.

We also provide full facility management services at four facilities. These services include event planning and marketing, maintenance, ticket distribution, program printing and advertising and licensing rights for the facility.

We are responsible for all personnel, inventories, purchasing and food preparation where we provide our services.

We work in partnership with many of our clients to build our shared business by designing or renovating the area of the facilities we serve where we believe there is an opportunity for additional revenue growth through updated design and additional points of sale. Using our in-house capabilities along with outside consultants, architects and designers, we designed and constructed state-of-the-art concession and restaurant facilities and a flagship team store at the new Prudential Center, home of the NHL's New Jersey Devils. We partnered with the Tampa Bay Rays to redesign the concession facilities and team store and renovated a party deck overlooking the field. In merchandising, we redesigned the team stores at LP Field, home of the Tennessee Titans, and Joker Marchant Stadium, spring training home of the Detroit Tigers and the Lakeland Flying Tigers. Currently, we are working with the Washington Nationals in the design and construction of the food concessions, restaurant and team store for their new stadium scheduled to open for the 2008 baseball season. We are also partnering with the Orange County Convention Center where we will begin operations in August 2008, to redesign their food service facilities and add innovative menu concepts to enhance the guest experience.

Clients

We typically provide services in our clients' facilities pursuant to long-term contracts that grant us the exclusive right to provide certain food and beverage products and services and, under some contracts, merchandise products and other related services within the facility. In addition, we have contracts where we have the exclusive right to provide only merchandise services. As of January 1, 2008, our contracts had an overall average, weighted by net sales generated by each contract, of approximately 5.1 years left to run before their scheduled expiration, representing approximately 5.2, 5.8 and 2.4 years for sports facilities, convention centers and other entertainment facilities, respectively. The overall average, weighted by the number of contracts, and not by net sales, was approximately 4.2 years left to run before scheduled expiration, representing approximately 4.2, 4.4 and 3.7 years for sports facilities, convention centers and other entertainment facilities, respectively.

We typically renegotiate existing contracts prior to their expiration. From 2003 through 2007, contracts came up for renewal that generated, on average, approximately 18.6% of our net sales for each year. During this period, we retained contracts up for renewal that generated, on average, approximately 90.3% of our net sales for each year, which together with the contracts that did not come up for renewal accounted for, on average, approximately 98.2% of our net sales for each year. As of January 1, 2008, we had been providing services to our clients' facilities for an average of approximately 18 years. Four of our major accounts — Yankee Stadium, Qualcomm Stadium in San Diego, home of the Chargers, Arrowhead Stadium in Kansas City, home of the Chiefs, and Kauffman Stadium in Kansas City, home of the Royals — have been our accounts for more than 30 years. However, there can be no assurance that any contract will continue beyond its scheduled expiration.

For fiscal 2007, our largest client, Yankee Stadium, accounted for approximately 9.6% of our net sales; our three largest clients together accounted for approximately 20.4% of our net sales; our 10 largest clients together accounted for approximately 40.3% of our net sales; and our 20 largest clients together accounted for approximately 59.8% of our net sales. Our contract with the New York Yankees covers the existing stadium, which is expected to be in operation through 2008. See "Risk Factors — If we were to lose any of our largest clients, our net sales would decline significantly."

We have no operations or assets in any foreign country other than Canada. During fiscal 2007, our Canadian net sales and Canadian long-lived assets accounted for approximately 4.2% and 1.1%, respectively, of our total net sales and long-lived assets.

The following chart shows the number of our contracts scheduled to expire in the three years beginning January 2, 2008, by year and by primary facility category, and the percentage of fiscal 2007 net sales attributable to the contracts expiring in each year.

	2008	2009	2010
Facility Category			
Sports facilities	17	10	11
Convention centers	2	6	7
Other entertainment facilities	6	7	3
Total number of contracts	25	23	21
Percentage of fiscal 2007 net sales	19.4%	14.4%	12.5%

Facilities

Sports Facilities

As of January 1, 2008, we have contracts to provide food, merchandise and related services, including catering, concessions and design services in 78 sports facilities, including stadiums and arenas throughout the United States and in Canada. The stadiums and arenas in which we provide our services seat from approximately 7,500 to 100,000 persons and typically host sporting events such as NFL and college football games, MLB or minor league baseball games, NBA and college basketball games, NHL and minor league hockey games, concerts, ice shows and circuses. These facilities may also host conventions, trade shows and meetings. For fiscal 2007, sports facility contracts accounted for approximately 65.8% of our net sales.

Concession-style sales of food and beverages represent the majority of our business in sports facilities. Catering for luxury suites, premium concession services for premium seating and in-stadium restaurants are currently responsible for a significantly smaller portion of net sales at sports facilities. These specific services are important in the industry because of a general growth of premium seating as a proportion of total stadium and arena seating and a general increase in demand for a variety of food and beverage offerings. Also, premium seating and suites are important to our clients because of the significant net sales generated by purchasers of those luxury seats and suites. Consequently, the ability to provide quality and variety has become an important factor when competing for contracts and we expect it to continue to be important in the future.

Our contracts for sports facilities are typically for terms ranging from 5 to 20 years. In general, stadium and arena contracts require a larger up-front or committed future capital investment than contracts for convention centers and other entertainment facilities and typically have a longer contract term. In addition, some sports facility contracts require greater capital investment than others and we typically receive a more favorable commission structure at facilities where we have made larger capital investments.

The following chart lists alphabetically all of our major league sports facility tenants as of January 1, 2008:

Facility Name	Location	Sports Team Tenant	Sport	Seating Capacity
Arrowhead Stadium	Kansas City, MO	Kansas City Chiefs	NFL	79,000
AT&T Park	San Francisco, CA	San Francisco Giants	MLB	42,000
FedEx Field	Landover, MD	Washington Redskins	NFL	92,000
HHH Metrodome	Minneapolis, MN	Minnesota Vikings	NFL	64,000
		Minnesota Twins	MLB	44,000
INVESCO Field at Mile High Stadium	Denver, CO	Denver Broncos	NFL	76,000
Kauffman Stadium	Kansas City, MO	Kansas City Royals	MLB	40,600
Louisiana Superdome	New Orleans, LA	New Orleans Saints	NFL	70,054
Monster Park	San Francisco, CA	San Francisco 49ers	NFL	68,000
Nationals Park	Washington, DC	Washington Nationals	MLB	41,200
New Orleans Arena	New Orleans, LA	New Orleans Hornets	NBA	18,500
Palace of Auburn Hills	Auburn Hills, MI	Detroit Pistons	NBA	21,000
Qualcomm Stadium	San Diego, CA	San Diego Chargers	NFL	71,400
RCA Dome	Indianapolis, IN	Indianapolis Colts	NFL	60,000
Safeco Field	Seattle, WA	Seattle Mariners	MLB	47,145
LP Field	Nashville, TN	Tennessee Titans	NFL	68,500
Tropicana Field	St. Petersburg,	Tampa Bay Rays	MLB	48,500
University of Phoenix Stadium	Glendale, AZ	Arizona Cardinals	NFL	63,400
Xcel Energy Center	St. Paul, MN	Minnesota Wild	NHL	18,064
Yankee Stadium	New York, NY	New York Yankees	MLB	55,000

Convention Centers

As of January 1, 2008, we have contracts to provide services in 29 convention centers, including 10 major convention centers such as the Colorado Convention Center, the San Diego Convention Center and the Jacob K. Javits Convention Center in New York City. Food and related services we provide at convention centers typically include catering, operating food courts, assisting in planning events and assisting in marketing the clients' facilities. For fiscal 2007, convention center contracts accounted for approximately 26.6% of our net sales.

Catering services consist primarily of providing large-scale banquet services for functions held in the convention centers' ballrooms and banquet halls. We are equipped to tailor our services for small groups and for groups of up to several thousand persons in each facility. To cater meals in facilities for larger groups, we may draw, as needed, on the services of our chefs, event managers and other Centerplate employees throughout the region in which the facility is located. In operating food courts in convention centers, we typically provide concession services from several different locations that sell a variety of specialty foods and beverages, including nationally-branded, franchised food and beverage products.

Our contracts with convention centers are generally for a shorter term than our contracts for sports facilities, ranging from 5 to 10 years in length, on average. We typically receive a more favorable commission structure at facilities where we have made larger capital investments.

The following chart lists alphabetically our largest contracts within the convention center category based on fiscal 2007 net sales:

Facility Name	Location	Size (Approx. Sq. Ft.) (1)
Colorado Convention Center	Denver, CO	584,000
Dallas Convention Center	Dallas, TX	1,019,142
Indiana Convention Center	Indianapolis, IN	493,123
Jacob K. Javits Center	New York, NY	814,400
Kentucky Fair & Expo Center	Louisville, KY	1,297,000
San Diego Convention Center	San Diego, CA	616,363
San Jose McEnery Convention Center	San Jose, CA	223,000
Walter E. Washington Convention Center	Washington, DC	725,000

(1) Source: Tradeshow Week's Major Exhibit Hall Directory 2006.

Other Entertainment Facilities

As of January 1, 2008, we have contracts to provide a wide range of food and related services in 24 other entertainment facilities located throughout the United States. Such facilities include horse racing tracks, music amphitheaters, motor speedways, skiing facilities and the Los Angeles Zoo in California.

Our services vary widely among our other entertainment facilities. We primarily provide concession services at our zoo and music amphitheaters, high-end concession services at music amphitheaters and in-facility restaurants, food courts and catering services at horse racing tracks. For fiscal 2007, contracts to serve these other entertainment facilities accounted for approximately 7.6% of our net sales.

The duration, level of capital investment required and commission or management fee structure of the contracts for these other entertainment facilities vary from facility to facility. We typically receive a more favorable commission structure at facilities where we have made larger capital investments.

The following chart lists alphabetically our largest contracts within the other entertainment facilities category based on fiscal 2007 net sales:

Facility Name	Location	Venue Type
Bridgeport Arena	Bridgeport, CT	Arena
DTE Energy Music Theatre	Auburn Hills, MI	Amphitheater
Los Angeles Zoo	Los Angeles, CA	Zoo
National Hot Rod Association	FL, GA, IN, OH	Speedways
New York Racing Association (Belmont Park Racetrack, Aqueduct Racetrack and Saratoga Race Course)	NY	Horse Racetracks
Verizon Wireless Amphitheater	Irvine, CA	Amphitheater

Client Contracts

We generally enter into one of three types of contracts with our clients: profit and loss contracts, profit sharing contracts and management fee contracts. Although our contracts generally fall into one of these three categories, any particular contract may contain elements of any of the other types as well as other features unique to the particular contract. We draw on our substantial operational and financial experience in attempting to structure contracts to include a mix of up-front fees, required capital investment and ongoing commissions to our customers.

Profit and Loss Contracts

Under profit and loss contracts, we receive all of the net sales and bear all of the expenses from the provision of services at a facility. These expenses include commissions paid to the client, which are typically calculated as a fixed or variable percentage of various categories of sales. While we benefit from greater upside potential with profit and loss contracts, because we are entitled to retain all profits from the provision of our services at a facility after paying expenses, including commissions to the client, we are responsible for all associated costs, and, therefore, we are also responsible for any losses incurred. We consequently bear greater risk with a profit and loss contract than with a profit sharing or management fee contract. In order to achieve our anticipated level of profitability on a profit and loss contract, we must carefully monitor and control our operating expenses and obtain price increases commensurate with our cost increases. As of January 1, 2008, we served 107 facilities under profit and loss contracts, which accounted for approximately 77.8% of our net sales in fiscal 2007.

Some of our profit and loss contracts contain minimum guaranteed commissions or equivalent payments to the client in connection with our right to provide services within the particular facility, regardless of the level of sales at the facility or whether a profit is being generated at the facility. These guaranteed payments are often structured as a fixed dollar amount, frequently increasing over the life of the contract, or as a fixed per capita amount, generally on an escalating scale based on event attendance or per capita spending levels.

Profit Sharing Contracts

Profit sharing contracts are generally profit and loss contracts with the feature that the commission paid to the client is in whole or in part a specified percentage of the profits generated by our concessions operation in the relevant facility. In calculating profit for those purposes, expenses include commissions payable to the client that are not based on profits. These commissions are typically calculated as a fixed or variable percentage of various categories of sales. In addition, under certain profit sharing contracts, we receive a fixed fee prior to the determination of profits under the contract. As of January 1, 2008, we served 22 facilities under profit sharing contracts, which accounted for approximately 21.9% of our fiscal 2007 net sales.

Management Fee Contracts

Under our management fee contracts, we receive a management fee, calculated as a fixed dollar amount, or a fixed or variable percentage of various categories of sales, or some combination of both. In addition, our management fee contracts entitle us to receive incentive fees based upon our performance under the contract as measured by factors such as net sales or operating costs. We are reimbursed for all of our on-site expenses under these contracts. The benefit of this type of contract is that we do not bear the risks associated with the provision of our services in the facility. However, as a result of this reduced risk, we also have reduced upside potential as we do not share in any profits. As of January 1, 2008, we served 2 facilities under management fee contracts, which accounted for approximately 0.3% of our fiscal 2007 net sales.

Additional Contract Characteristics

Although our contracts generally fall within one of the three types described above, we often include in our contracts a variety of features to meet our needs and the needs of a particular client. These features include step-scale commissions, in which our commission payment to a client will vary according to sales performance, minimum attendance thresholds (in which a client will refund a portion of the commissions that it receives from us if a minimum attendance level is not reached in the facility), and inventory guarantees, under which we return certain unsold inventory to the client without charge to us.

Most of our contracts limit our ability to raise prices on the food, beverages and merchandise we sell within the particular facility without the client's consent. However, some contracts allow us to raise our prices without the client's consent if we are able to demonstrate that prices on similar items in specified benchmark facilities have increased.

While our contracts are generally terminable only in limited circumstances, some of our contracts give the client the right to terminate the contract with or without cause on little or no notice. However, most of our contracts require our client to return to us any unamortized capital investment and any up-front fees, if the contract is cancelled before its scheduled termination, other than due to breach by us.

Sales and Marketing

Our chief executive officer determines the direction of our sales and marketing efforts, aided by a corporate vice president of sales and a corporate vice president of marketing, who oversee the implementation of these efforts.

Our primary sales goals are to obtain renewals of existing contracts and add new contracts. To this end, we utilize an internal tracking system, trade publications and other industry sources, and consult with our on-site general managers to identify information about both new and expiring contracts.

As a result of many years of experience in the industry, we have developed relationships with a wide variety of participants in the industry, including the general managers of public and private facilities, league and team owners, event sponsors and a network of consultants often hired by facility owners to formulate bid specifications.

Members of our management team maintain memberships in various industry trade associations. Substantially all of our potential clients in publicly controlled facilities are members of these trade groups.

Competition

Competitors

Our industry is highly fragmented and competitive, with several national and international food service providers as well as a large number of smaller independent businesses serving discrete local and regional markets and competing in distinct areas.

Our principal competitors for food and beverage contracts are other national and international food service providers, including ARAMARK Corporation, Boston Culinary Group, Delaware North Corporation, Levy Restaurants (which is currently owned by Compass Group plc.), Ovations Food Services and Sodexho USA. In addition, for merchandise contracts, we also compete with Facility Merchandising, Inc., XP Events and Maingate. We also face competition from regional and local service contractors, some of which are better established within a specific geographic region and some of which are partially or wholly owned subsidiaries of our larger, major competitors. Existing or potential clients may also elect to "self operate" their food services, eliminating the opportunity for us to compete for the account.

We compete primarily to provide food, merchandise and other related services at sports, entertainment and meeting facilities. Our competitors often operate more narrowly, for example, in catering only, or more broadly, *e.g.*, in food services in other kinds of facilities and in other services altogether.

Competition for Contracts

Contracts are generally gained and renewed through a competitive bidding process. We selectively bid on contracts to provide services in both privately owned and publicly controlled facilities. Negotiations of contracts for privately owned facilities are generally competitive in nature, with several other large national competitors submitting proposals. Contracts for publicly controlled facilities are generally awarded pursuant to a request-for-proposal process. Successful bidding on contracts for such publicly controlled facilities often requires a long-term effort focused on building relationships in the community in which the venue is located. We compete primarily on the following factors: financial terms, including the ability to make capital investments, and commission structures; creativity and service innovation; strategic approach; quality of products and services; and reputation in the industry. Some of our competitors may be prepared to accept less favorable financial returns than we are when bidding for contracts. A number of our competitors also have substantially greater financial and other resources than we have.

Suppliers

To supply our food and beverage operations, we have a national distribution contract with SYSCO Corporation as well as contracts with the manufacturers of many of the products that are distributed by

SYSCO. We do not believe that we are substantially dependent on our contract with SYSCO. We believe that if the SYSCO contract were terminated or not renewed, we could obtain comparably-priced alternative distribution services of these products from the national competitors of SYSCO, such as US Foodservice, and independent distributors that have entered into a national alliance, such as Distributor Marketing Alliance and Uni-Pro, or from the network of local suppliers discussed below from which we are currently purchasing some of our food, beverage and disposable non-alcoholic products. For our merchandise operations, we utilize several major licensed companies to supply our products.

A number of our national purchasing programs with major product and equipment suppliers enable us to receive discounted pricing on certain items. The purchase of other items, the most significant of which are alcoholic beverages that must, by law, be purchased in-state, is handled on a local basis.

If a contract requires us to use a specific branded product for which we do not have a purchasing program or distribution contract, or if the requirement results in us bearing additional costs, the client will typically be required to pay any excess cost associated with the use of the brand name product.

From time to time we engage local, regional and national subcontractors who provide food, beverages, merchandise or other services at our and our client's behest, and from whom we collect a portion of revenue, depending upon contractual arrangements with the subcontractor and the client.

Controls

Because a large portion of our business is transacted in cash, principally food and beverage concessions and food court operation sales, we maintain stringent inventory and cash controls. We typically record inventory levels before and after each event to determine if the sales recorded match the decline in inventory. The process is typically completed within hours of conclusion of the event so that any discrepancy can generally be traced to either specific points of sale or control processes set up throughout the facility. We also run yield reports on food supplies on a monthly basis to determine if there is any significant difference between inventory and sales. In addition, for merchandise, we utilize reports from our point-of-sale system and compare against our monthly inventory reports to determine variances and shrinkage.

Employees

As of January 1, 2008, we had approximately 1,550 full-time employees. Of these, approximately 650 provide on-site administrative support and supervision in the facilities we serve, approximately 800 provide a variety of services (for example, food preparation, warehousing and merchandise sales) in those facilities, and approximately 100 provide management and staff support at the corporate and regional levels. During fiscal 2007, we had approximately 27,500 employees who were part-time or hired on an event-by-event basis. The number of part-time employees varies significantly over the course of each year because of the seasonal nature of our business.

As of January 1, 2008, approximately 35% of our employees, including full and part-time employees, were covered by collective bargaining agreements with several different unions. We have not experienced any significant interruptions or curtailments of operations due to disputes with our employees and we consider our labor relations to be good. We have hired, and expect to continue to hire, a large number of qualified, temporary workers at particular events.

Seasonality of Operations

Our sales and operating results have varied, and are expected to continue to vary, from quarter to quarter, as a result of factors that include the seasonality of sporting and other events, the unpredictability in the number, timing and type of new contracts, the timing of contract expirations, special events and the level of attendance at events in the facilities which we serve.

Business in the principal types of facilities that we serve is seasonal in nature. MLB and minor league baseball-related sales are concentrated in the second and third quarters; the majority of NFL-related activity occurs in the fourth quarter; and convention centers and arenas generally host fewer events during the summer months. Consequently, our results of operations are typically lowest in the first quarter and highest in the third quarter.

Regulatory Matters

Our operations are subject to various governmental regulations, such as those governing the service of food and alcoholic beverages, minimum wage regulations, employment, environmental protection and human health and safety.

In addition, our facilities and products are subject to periodic inspection by federal, state, provincial and local authorities. The cost of regulatory compliance is subject to additions to or changes in federal, state or provincial legislation, or changes in regulatory implementation. If we fail to comply with applicable laws, we could be subject to civil remedies, including fines, injunctions, recalls, or seizures, as well as potential criminal sanctions.

The U.S. Food and Drug Administration ("FDA") regulates and inspects our kitchens in the United States. Every U.S. commercial kitchen must meet the FDA's minimum standards relating to the handling, preparation and delivery of food, including requirements relating to the temperature of food, the cleanliness of the kitchen and the hygiene of its personnel. The Canadian Food Inspection Agency ("CFIA") regulates food safety in Canada, applying similar standards to those imposed by the FDA. We are also subject to various state, provincial, local and federal laws regarding the disposition of property and leftover foodstuffs. The cost of compliance with FDA and CFIA regulations is subject to additions to or changes in FDA and CFIA regulations.

We serve alcoholic beverages in many facilities and are subject to the "dram-shop" statutes of the states and provinces in which those facilities are located. "Dram-shop" statutes generally provide that serving alcohol to an intoxicated or minor patron is a violation of law. In most states and provinces, if one of our employees sells alcoholic beverages to an intoxicated or minor patron, we may be liable to third parties for the acts of the patron. We sponsor regular training programs in cooperation with state and provincial authorities to minimize the likelihood of serving alcoholic beverages to intoxicated or minor patrons, and we maintain general liability insurance that includes liquor-liability coverage.

We are also subject to licensing with respect to the sale of alcoholic beverages in the states and provinces in which we serve alcoholic beverages. Failure to receive or retain, or the suspension of, liquor licenses or permits would interrupt or terminate our ability to serve alcoholic beverages in those locations. A few of our contracts require us to pay liquidated damages during any period in which our liquor license for the relevant facility is suspended, and most contracts are subject to termination in the event we lose our liquor license for the relevant facility.

Environmental Matters

Laws and regulations concerning the discharge of pollutants into the air and water, the handling and disposal of hazardous materials, the investigation and remediation of property contamination and other aspects of environmental protection are in effect in all locations in which we operate. Our current operations do not involve material costs to comply with such laws and regulations, and they have not given rise to, and are not expected to give rise to, material liabilities under these laws and regulations for investigation or remediation of contamination.

Claims for environmental liabilities arising out of property contamination have been asserted against us and our predecessors from time to time, and in some cases such claims have been associated with businesses, including waste-disposal and waste-management businesses, related to entities we acquired and have been based on conduct that occurred prior to our acquisition of those entities. Several such claims were resolved during the 1990s in bankruptcy proceedings involving some of our predecessors.

Additional environmental liabilities relating to any of our former operations or any entities we have acquired could be identified and give rise to claims against us involving significant losses.

Intellectual Property

We have the trademarks, trade names and licenses necessary for the operation of our business as we currently conduct it. We do not consider our trademarks, trade names or licenses to be material to the operation of our business.

Our Secondary Offering

On December 5, 2007, we completed the secondary offering of 2,517,818 IDSs on behalf of our initial equity investors, who were affiliated with General Electric Capital Corporation ("GE Capital") and The Blackstone Group L.P. ("Blackstone"). As a result of this offering, GE Capital and Blackstone no longer hold an interest in our equity securities, and all of our common stock is held as a component of our IDSs. For further information concerning the offering, see Note 10, Demand for Registration, in the Notes to our Consolidated Financial Statements and Item 7 "Management Discussion and Analysis of Financial Condition and Results of Operations — Other Relationships."

Available Information

Our annual reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K, and all amendments to those reports, are available free of charge on our website at www.centerplate.com as soon as reasonably practicable after we file such reports with the Securities and Exchange Commission (the "SEC").

The SEC also maintains a website containing reports, proxy and information statements, annual filings and other relevant information available free of charge to the public at www.sec.gov.

Item 1A. *Risk Factors*

An investment in the IDSs, and the shares of our common stock and our subordinated notes represented by the IDSs involves a number of risks. There are a number of important factors that could affect our business and future operating results, including without limitation, the factors set forth below. The information contained in this annual report should be read in light of such factors.

Risks Relating to the IDSs and the Shares of Common Stock and Subordinated Notes Represented by the IDSs

We have substantial indebtedness, which could restrict our ability to pay interest and principal on the subordinated notes, restrict our ability to pay dividends or impact our financing options and liquidity.

Our ability to make distributions, pay dividends or make other payments is subject to applicable law and contractual restrictions contained in the instruments governing our indebtedness. The degree to which we are leveraged also could adversely affect your interests as IDS holders because:

- our ability in the future to obtain additional financing for working capital, capital expenditures or acquisitions may be limited;
- our ability to refinance our indebtedness on terms acceptable to us or at all may be limited;
- our funds available for future operations, capital expenditures and/or dividends on our common stock may be reduced due to a significant portion of our cash flow from operations being dedicated to the payment of the principal of and interest on our indebtedness; and
- our vulnerability to economic downturns may increase and our ability to withstand competitive pressures may be limited.

While our credit facility contains total leverage, senior leverage and interest coverage maintenance covenants that restrict our ability to incur debt, the indenture governing the subordinated notes allows us to issue an unlimited amount of subordinated notes so long as we issue additional shares of common stock in the appropriate proportionate amounts to represent additional IDSs.

As of January 1, 2008, we had fixed rate long-term debt of $119.6 million in subordinated notes represented by the IDSs, and variable rate term loans and outstanding revolver borrowings of $104.8 million and $29.5 million, respectively.

We would be required to suspend dividend and interest payments if we are unable to satisfy certain financial ratios under our credit facility, which would reduce the yield on the IDSs. and would likely cause the market value of the IDSs to decline.

In order to pay dividends (including dividends from current and accumulated earnings and profits, calculated in accordance with the Internal Revenue Code of 1986, as amended, as well as dividends that for tax purposes are treated as nontaxable returns of capital), in 2008, our credit facility requires us to have an interest coverage ratio of at least 2.00:1.00, a senior leverage ratio of less than 2.15:1.00, and a total leverage ratio of less than 4.65:1.00, in each case as of the end of the fiscal month preceding the month in which a dividend is declared. In order to prevent deferral of interest on our subordinated notes, our credit facility requires us to on the same dates meet the following ratios: an interest coverage ratio of at least 1.90:1.00; a senior leverage ratio of less than 2.30:1.00; and a total leverage ratio of less than 4.95:1.00. Our ability to meet these ratios could be affected by the loss of significant contracts, the failure to generate new business, unexpected liabilities, increased expenses, increased interest costs due to additional revolver borrowings or higher interest rates on our credit facility, general economic conditions (including possibly lower business and consumer spending in fiscal 2008) or other events affecting our operations.

Our interest coverage ratio, which compares our Adjusted EBITDA (as defined in the credit facility) to interest expense over a trailing 12-month period, will be negatively impacted by the additional interest payable on the subordinated notes issued under the secondary offering that we completed in December 2007 (see Note 10, Demand for Registration, in our Notes to the Consolidated Financial Statements), as well as fees incurred in connection with the waiver and possible amendment described below. As the ratio takes into account interest actually accrued on a trailing 12-month basis, the full impact of the additional interest on the subordinated notes will not be reflected in the interest coverage ratio until after a full year of interest has been paid.

In March 2008, we obtained a waiver and amendment of certain provisions of the credit agreement temporarily affecting the calculation of the senior leverage ratio that must be achieved in order to pay dividends. The waiver and amendment was necessitated in part by an unexpected decline in cash flow from operations, driven primarily by a decrease in revenues generated at our convention centers that we began to experience in January 2008, as well as a more stringent senior leverage ratio requirement for the payment of dividends under the credit agreement in 2008. We are currently seeking a permanent amendment to the credit agreement to enable us to meet the ratio requirements for the payment of dividends and to give us the necessary flexibility to address business needs that may arise from time to time with respect to cash flow and capital expenditures due to variations in when events occur or accounts come on line. No assurance can be given as to whether we can obtain this amendment, or whether it will be adequate to enable us to pay dividends in the future.

If we are unable to obtain this amendment, we will need to suspend dividend payments beginning in April 2008 until we can meet the ratio requirements for the payment of dividends under our credit facility. In addition, if our operating results are adversely impacted, we may have to defer interest on our subordinated notes if we are unable to meet the required ratios under the credit facility. The suspension of dividend payments and deferral of interest would most likely cause a decline in the market price of the IDSs.

Our credit facility and the indenture governing our subordinated notes contain other limits on our ability to pay dividends.

Our credit facility limits the amount of dividends that we may pay to "distributable cash," plus a specified "projected annual dividend shortfall amount" (each as defined in the credit facility), and amounts in the Dividend/CapEx Funding Account and CapEx Funding Account that are established under the credit facility. Distributable cash is computed as Adjusted EBITDA (as defined in the credit facility), less interest and principal payments on our indebtedness, capital expenditures made in cash, cash income tax payments and certain administrative expenses, in each case for the preceding 12 months. We cannot assure you that we will have enough distributable cash as required by this covenant. We may attempt to increase the amount of our distributable cash by decreasing other expenditures, which could have an adverse effect on our business.

In addition, we are subject to limitations on the payment of dividends under the indenture governing our subordinated notes. The dividends we pay are, in general, limited to a percentage of our "excess cash," which, with respect to any period, is defined as our Adjusted EBITDA (as defined in the indenture) reduced by cash interest expense and cash income tax expense, in each case for the period. We are also prohibited from paying dividends during any interest deferral period under the indenture or while any deferred interest (including interest on deferred interest) from a prior interest deferral period remains unpaid.

Our ability to pay dividends or current installments of interest on the subordinated notes in 2008 or thereafter could be affected by economic downturn or other factors that are difficult to predict.

Because our credit facility requirements for the payment of dividends or current installments of interest on the subordinated notes are stringent, and must be measured on a monthly basis, our ability to comply with these requirements can be affected by relatively small variations in our revenues or expenses, as well as changes in the timing of revenues and expenses. In early 2008, we experienced an unexpected decline in our revenues, particularly from convention centers, which could be attributable to an overall decline in business and consumer spending. Our levels of Adjusted EBITDA, which is one factor in calculating financial ratios under our credit facility, could be adversely affected by a continuing economic downturn that resulted in fewer or less elaborate events being held at our facilities, lower attendance at events, or reduced per capita spending among attendees.

We could also be further impacted by increases in food and other commodity prices or increased employee costs. Many of our contracts with clients restrict our ability to raise prices to match increased costs, and this would contribute to the adverse effect of unfavorable economic conditions. Higher prices could also discourage per capita spending. In addition, insolvency or financial distress experienced by any of our clients or significant vendors could increase our costs or result in a loss of earnings.

As indicated above, we are currently seeking a permanent amendment to our credit facility to give us greater flexibility with respect to the ratios required to be met to allow us to pay dividends, and we will need this amendment in order to pay dividends in April 2008. However, no assurance can be given as to whether we will obtain such an amendment or whether it will be adequate to enable us to pay dividends or current installments of interest on the subordinated notes in the future, including in the event of further economic downturn.

We are not required to pay any dividends and our board of directors may decide not to pay dividends at any time, for any reason.

Dividend payments are not guaranteed and are within the absolute discretion of our board of directors. Future dividends with respect to shares of our capital stock, if any, will depend on a number of factors, including but not limited to our results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, level of contract renewals, provisions of applicable law and other factors that our board of directors may deem relevant. There is no requirement that we pay dividends, even if we have the cash available to do so. Our board of directors may decide not to pay dividends at any time and for any reason. Our board of directors is free to depart from or change our dividend policy at any time and could do so, for example, if it were to determine that we had insufficient cash to take advantage of growth opportunities.

Because of seasonal and other variations in our cash flow and capital expenditures, we have used revolver borrowings for the payment of dividends and expect to do so in the future, thus increasing our interest cost as well as our overall leverage.

While our dividend policy provides for the payment of monthly dividends in equal amounts, our cash flows vary on a seasonal basis. In addition, our capital expenditures vary over the course of any year, as a result of seasonal variations and the maintenance capital requirements to renew client contracts. We expect to continue to borrow to pay dividends and operating expenses on a seasonal basis. This seasonal borrowing adds to our overall interests costs and leverage, and reduces our borrowing capacity for other purposes.

We rely on borrowings to allow us to pay dividends and continue to make capital investments. Our dividends have been, and we expect at least a portion of our dividends to continue to be, treated as a return of capital for tax purposes.

Our expenditures and dividend payments may exceed our cash flow and we have drawn on our revolving credit line or cash reserves to fund, in the aggregate, our dividend payments and other expenses. The fact that we pay regular dividends means that we have less cash from operations to deploy for other purposes and are more dependent on debt financing for capital expenditures and operating expenses, thus increasing our interest costs and overall leverage.

For U.S. income tax purposes, we do not have accumulated earnings and profits, calculated in accordance with the Internal Revenue Code of 1986, as amended, and our annual dividends exceed any anticipated current earnings and profits. All dividends paid since fiscal 2005 have been treated as a return of capital for U.S. income tax purposes. Because of the lack of accumulated earnings and profits, and the amount of our dividends relative to any anticipated earnings and profits, we expect that at least a portion of our dividends will be treated as a return of capital for the foreseeable future. To the extent that the amount of dividends paid to you exceeds our current and accumulated earnings and profits, it will be treated as a tax-free return of your tax basis in the shares of common stock and thereafter as capital gain.

Our dividend policy may negatively impact our ability to finance capital expenditures or operations.

Following our initial public offering ("IPO"), our board of directors adopted a policy providing for the monthly payment of dividends, subject to applicable law, the terms of our credit facility, the indenture governing our subordinated notes and any other outstanding indebtedness, and our board of directors' assessment of our cash needs. The determination is made on a monthly basis. From January 2004 through January 1, 2008, we have paid approximately $71.8 million in dividends. If we continue paying substantial dividends, we may not retain a sufficient amount of cash to finance growth opportunities, to meet unanticipated capital expenditure needs or to fund our operations in the event of a significant business downturn. We may have to forego growth opportunities or capital expenditures that would otherwise be necessary or desirable if we do not find alternative sources of financing. If we do not have sufficient cash for these purposes, our financial condition and our business will suffer.

We may amend the terms of our credit facility, or we may enter into new agreements that govern our senior indebtedness with terms that may significantly affect our ability to pay interest and dividends to you.

Our credit facility contains significant restrictions on our ability to pay interest on the subordinated notes and dividends on shares of our common stock. These restrictions are based on our ability to meet our interest coverage ratio, total leverage ratio and senior leverage ratio, and comply with other conditions. As a result of general economic conditions, conditions in the lending markets, the results of our business or for any other reason, we may elect or be required to amend or refinance our credit facility, at or prior to maturity, or enter into additional agreements for senior indebtedness.

Regardless of any protection you have in the indenture governing the subordinated notes, any such amendment, refinancing or additional agreement may contain covenants that could significantly limit our ability to pay interest and dividends to you.

We are subject to restrictive debt covenants and other requirements related to our outstanding debt that limit our business flexibility by imposing operating and financial restrictions on our operations.

The agreements governing our indebtedness impose significant operating and financial restrictions on us. These restrictions prohibit or limit, among other things:

- the incurrence of additional indebtedness and the issuance of preferred stock and certain redeemable capital stock;
- the payment of dividends on, and purchase or redemption of, capital stock;

- other restricted payments, including investments;
- specified sales of assets:
- specified transactions with affiliates;
- the creation of liens; and
- consolidations, mergers and transfers of all or substantially all of our assets.

The terms of our credit facility include other restrictive covenants and prohibit us from prepaying our other indebtedness, including the subordinated notes, while indebtedness under our credit facility is outstanding. Our credit facility also requires us to maintain specified financial ratios and satisfy financial condition tests, including, without limitation, the following: a maximum net leverage ratio, a minimum interest coverage ratio and a maximum net senior leverage ratio. Finally, our credit facility requires us to maintain two cash collateral accounts, which means we will not be allowed to use the minimum required cash balance amounts in operating our business, and we may be restricted in the use of amounts in excess of the minimum required balances in operating our business.

Our ability to comply with these ratios or tests may be affected by events beyond our control, including prevailing economic, financial and industry conditions. A breach of any of these covenants, or a failure to meet or maintain ratios or tests could result in a default under our credit facility and/or the indenture. Certain events of default under our credit facility would prohibit us from making payments on the subordinated notes, including payment of interest when due. In addition, upon the occurrence of an event of default under our credit facility, the lenders could elect to declare all amounts outstanding under our credit facility, together with accrued interest, to be immediately due and payable. If we were unable to repay those amounts, the lenders could proceed against the security granted to them to secure that indebtedness. If the lenders accelerate the payment of the indebtedness, our assets may not be sufficient to repay in full the indebtedness under our credit facility and indenture.

If we are required to defer interest at any time prior to December 18, 2008, you may not be paid any deferred interest until December 18, 2008, and if we are required to defer interest at any time after December 18, 2008 and before December 10, 2013, you may not be paid all of the deferred interest owed to you until December 10, 2013.

Our credit facility and the indenture governing our subordinated notes contain restrictions on our ability to pay interest, subject to certain limitations. In 2008, interest payments may be deferred at any time until December 18, 2008. During the period from December 20, 2008 through December 10, 2013, interest payments may be deferred at any time for no more than 10 interest payment dates in the aggregate. Deferred interest will bear interest at the same rate as the subordinated notes. If we defer interest after December 18, 2008, you may not receive the full amount until December 10, 2013. Accordingly, you may be owed a substantial amount of deferred interest that will not be due and payable until such date.

You will not receive interest with respect to any interest deferral if you sell your IDSs or subordinated notes during an interest deferral period.

If you sell your IDSs or subordinated notes during an interest deferral period, or before the record date relating to interest payments that are to be paid, you will not receive any payment of deferred interest. In addition, we will not be permitted to pay, and you will not receive, any dividend payment on our common stock during any deferred interest period until we have paid all of the deferred interest.

Deferral of interest payments would have adverse tax consequences for you by causing you to recognize interest income and pay taxes before you receive any cash payment of such interest.

If interest payments on the subordinated notes are deferred, the subordinated notes will be treated as issued with OID at the time of such occurrence. As a result, you will be required to recognize interest income for U.S. federal income tax purposes in respect of interest payments on the subordinated notes held by you before you receive any cash payment of this interest.

Deferral of interest payments may adversely affect the trading price of the IDSs or subordinated notes.

If interest is deferred, the IDSs or the subordinated notes may trade at a price that does not fully reflect the value of accrued but unpaid interest on the subordinated notes.

The trading prices of the IDSs and the subordinated notes may be lower in value and more volatile than those of other securities that do not provide for interest deferral.

Because we are required to defer interest on the subordinated notes under certain circumstances, the market price for the IDSs or the subordinated notes may be more volatile than the price of other securities that do not have this requirement.

If we are unable to deduct the interest on our subordinated notes for U.S. federal income tax purposes, our tax liabilities could increase significantly, and this could significantly affect our after-tax cash flow.

If the IRS or a court were to determine that the subordinated notes should be treated as equity rather than debt for U.S. federal income tax purposes, and such positions were upheld, the stated interest on the subordinated notes could be treated as a dividend, and interest on the subordinated notes would not be deductible for U.S. federal income tax purposes. This would significantly increase our U.S. federal and applicable state income tax liability, potentially including amounts for prior years in which we have claimed a deduction for interest paid on the subordinated notes and penalties. Some of the liability could be offset by historical net loss carryforwards, but it is possible that the liability could exceed the amount that could be offset by our available net loss carryforwards. In that event we would need to reduce our other expenses to be able to pay our taxes. We could do this by reducing capital expenditures, which would limit our ability to enter into new contracts or renew our existing contracts, or by reducing headcount or the number of facilities served. We might also need to lower our dividend rate or refrain from paying dividends in order to preserve cash. If any of these options were to be exercised, the value of your investment in the IDSs would likely decline.

Centerplate is a holding company and relies on dividends, interest and other payments, advances and transfers of funds from its subsidiaries to meet its debt service and other obligations.

Centerplate is a holding company and conducts all of its operations through subsidiaries. Centerplate currently has no significant assets other than the capital stock of VSA and intercompany debt owed by VSA, all of which are pledged to the creditors under our credit facility which Centerplate guarantees. As a result, Centerplate relies on dividends and other payments or distributions from its subsidiaries to meet its debt service obligations and enable it to pay dividends. The ability of Centerplate's subsidiaries to pay dividends or make other payments or distributions to Centerplate will depend on their respective operating results and may be restricted by, among other things, the laws of their jurisdiction of organization (which may limit the amount of funds available for the payment of dividends), agreements of those subsidiaries, the terms of our credit facility and the covenants of any future outstanding indebtedness that Centerplate or its subsidiaries incur.

Our interest expense may increase significantly and could cause our net income and distributable cash to decline significantly.

Our credit facility is subject to periodic renewal or must otherwise be refinanced. We may not be able to renew or refinance our credit facility, or if renewed or refinanced, the renewal or refinancing may occur on less favorable terms. Borrowings under our credit agreement are made at a floating rate of interest and, in the case of our revolving facility, are subject to further adjustment based on our total leverage ratio. In the event of an increase in the base reference interest rates or an increase in our total leverage ratio, our interest expense will increase and could have a material adverse effect on our ability to make cash dividend payments to our stockholders. Our ability to continue to expand our business is, to a large extent, dependent upon our ability to borrow funds under our credit facility and to obtain other third-party financing, including through the sale of IDSs or any other securities. We cannot assure you that financing will be available to us on favorable terms or at all.

We may not generate sufficient funds from operations to pay our indebtedness at maturity, or upon the exercise by holders of your rights upon a change of control.

A significant portion of our cash flows from operations is dedicated to maintaining our client base and servicing our debt requirements. In addition, we currently expect to continue to distribute a significant portion of any remaining cash earnings to our stockholders in the form of monthly dividends. Moreover, prior to the maturity of our subordinated notes, we will not be required to make any payments of principal on these notes. We may not generate sufficient funds from operations to repay the principal amount of our indebtedness at maturity or in case you exercise your rights to require us to purchase your notes upon a change of control. We may therefore need to refinance our debt or raise additional capital. These alternatives may not be available to us when needed or on satisfactory terms due to prevailing market conditions, a decline in our business or restrictions contained in our senior debt obligations.

To service our indebtedness and to fund our liquidity needs, we will require a significant amount of cash which may not be available to us. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on or to refinance or repay our debt, including the subordinated notes, to fund planned capital expenditures and expand our business depends on our future operating performance. Our future operating performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

A significant portion of our cash flow is dedicated to servicing our debt requirements and paying dividends. If we are unable to generate sufficient cash to service our debt requirements, we will be required to refinance our credit facility. Such refinancing of our debt could materially affect our ability to invest funds needed to implement our business plan and achieve our objectives.

We may not be able to repay or refinance the subordinated notes, or our credit facility, upon terms acceptable to us, if at all.

Our ability to continue to expand our business will, to a certain extent, be dependent upon our ability to borrow funds under our credit facility and to obtain other third-party financing, including through the sale of IDSs or any other securities. If we are unable to generate sufficient cash to service our debt requirements, we will be required to refinance our credit facility. If we are unable to refinance our indebtedness, including our credit facility or our subordinated notes, on commercially reasonable terms or at all, we would be forced to seek other alternatives, including:

- sales of assets to meet our debt service requirements;
- sales of equity;
- negotiations with our lenders or noteholders to restructure the applicable debt; and
- seeking protection under the U.S. federal bankruptcy code or other applicable bankruptcy, insolvency or other applicable laws dealing with creditors' rights generally.

If we are obligated to pursue any of the above options under distressed conditions, our business and/or the value of an investment in our IDSs, common stock and/or subordinated notes could be adversely affected.

The indenture governing our subordinated notes and our credit facility permit us to pay a significant portion of our free cash flow to stockholders in the form of dividends.

Although the indenture governing our subordinated notes and our credit facility have some limitations on our payment of dividends, it permits us to pay a significant portion of our free cash flow to stockholders in the form of dividends. Specifically, the indenture governing our subordinated notes permits us to pay up to the quarterly base dividend level in any fiscal quarter, which equals 85% of our excess cash (which is Adjusted EBITDA, as defined in the indenture, minus the sum of cash interest expense and cash income tax expense) for a trailing four fiscal quarter period divided by four. In addition, if the actual dividends paid in any fiscal quarter are less than the quarterly base dividend level, the indenture permits us to use 50% of the difference between the aggregate amount of dividends actually paid and the quarterly base dividend level for the quarter for the payment of dividends at a later date. Our credit facility permits us to use up to 100% of the distributable cash, as defined in our credit facility, plus certain other amounts under certain limited circumstances to fund dividends on our shares of common stock. Any amounts paid by us in the form of dividends will not be available in the future to satisfy our obligations under the subordinated notes.

The realizable value of our assets upon liquidation may be insufficient to satisfy claims.

At January 1, 2008, our assets included intangible assets in the amount of $170.1 million, representing approximately 51.2% of our total consolidated assets and consisting primarily of contract rights. The value of these intangible assets will continue to depend significantly upon the success of our business as a going concern and the remaining terms of our contracts. Some of our larger contracts contain change of control provisions, which may diminish the realizable value of the contracts. As a result, in the event of a default on our subordinated notes or any bankruptcy or dissolution of our company, the realizable value of these assets may be substantially lower and may be insufficient to satisfy the claims of our creditors and consequently, to provide any return to you.

Because of the subordinated nature of the subordinated notes, holders of our subordinated notes may not be entitled to be paid in full, if at all, in a bankruptcy, liquidation or reorganization or similar proceeding.

As a result of the subordinated nature of our subordinated notes and related guarantees, upon any distribution to the creditors of Centerplate or the subsidiary guarantors in bankruptcy, liquidation or reorganization or similar proceeding relating to Centerplate or the subsidiary guarantors or the property of Centerplate or the subsidiary guarantors, the holders of senior indebtedness will be entitled to be paid in full in cash before any payment may be made with respect to our subordinated notes or the subsidiary guarantees.

In addition, the principal amount of the subordinated notes will not be due and payable from Centerplate or the subsidiary guarantors without the prior written consent of the holders of our senior indebtedness for a period of up to 179 days from the date of the occurrence of certain events of default with respect to our subordinated notes.

In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to Centerplate or the subsidiary guarantors, holders of our subordinated notes will participate with all other holders of unsecured indebtedness of Centerplate or the subsidiary guarantors similarly subordinated in the assets remaining after Centerplate and the subsidiary guarantors have paid all senior indebtedness. However, because of the subordination provisions, including the requirement that holders of the subordinated notes pay over distributions to the holders of senior indebtedness, holders of the subordinated notes may receive less, ratably, than our other unsecured creditors, including trade creditors. In addition, as a result of contractual subordination of the guarantees to the subsidiary guarantors' obligations under our credit facility and other senior indebtedness, the holders of the subordinated notes may receive less, ratably, than other creditors of the subsidiary guarantors that are not subject to contractual subordination. In any of these cases, Centerplate and the subsidiary guarantors may not have sufficient funds to pay all of our creditors, and holders of our subordinated notes may receive less, ratably, than the holders of senior indebtedness.

Our subordinated notes and the subsidiary guarantees ranked junior to $134.3 million of outstanding senior secured indebtedness plus approximately $22.7 million of letters of credit and the subsidiary guarantees ranked *pari passu* with approximately $24.4 million of outstanding indebtedness of ours and the subsidiary guarantors as of January 1, 2008. In addition, as of January 1, 2008, VSA had the ability to borrow up to an additional amount of $55.3 million under our credit facility (less amounts reserved for letters of credit), which would rank senior in right of payment to our subordinated notes.

In the event of bankruptcy or insolvency, your ability to recover amounts owed on the subordinated notes and guarantees of the notes by our subsidiaries could be limited or prevented by principles of equitable subordination or recharacterization.

In the event of bankruptcy or insolvency, a party in interest may seek to subordinate the subordinated notes or the guarantees under principles of equitable subordination or to recharacterize the subordinated notes as equity. There can be no assurance as to the outcome of these proceedings. In the event a court subordinates the subordinated notes or the guarantees, or recharacterizes the subordinated notes as equity, you might not be able to recover any amounts owed on the subordinated notes or the guarantees, and you might be required to return any payments made to you within six years before the bankruptcy on account of the subordinated notes or the guarantees. In addition, should the court equitably subordinate the subordinated notes or the guarantees, or recharacterize the subordinated notes as equity, you might not be able to enforce the guarantees.

Holders of our subordinated notes will be structurally subordinated to the debt of our non-guarantor subsidiaries.

Our present and future foreign subsidiaries and partially-owned domestic subsidiaries are not and will not be guarantors of our subordinated notes. As a result, no payments are required to be made to us from the assets of these non-guarantor subsidiaries.

In the event of bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their indebtedness, including their trade creditors, would generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us for payment to you. As a result, our subordinated notes are effectively subordinated to the indebtedness of the non-guarantor subsidiaries.

For and as of the end of fiscal 2007, our non-guarantor subsidiaries had net sales of $58.1 million, assets of $17.8 million (representing 5.4% of our total assets on a consolidated basis) and liabilities of $4.1 million, excluding inter-company balances.

The validity and enforceability of the subordinated notes and the guarantees of the subordinated notes by our subsidiaries may be limited by fraudulent conveyance laws and foreign laws restricting guarantees.

Our obligations under the notes are guaranteed by certain of our subsidiaries. These guarantees provide the holders of the subordinated notes with a direct claim against the assets of the subsidiary guarantors. The guarantees of the subordinated notes by certain of our subsidiaries may be subject to legal challenge and review based on various laws and defenses relating to fraudulent conveyance or transfer, voidable preferences, financial assistance, corporate purpose, capital maintenance, the payment of legally sufficient consideration and other laws and defenses affecting the rights of creditors generally. The laws of various jurisdictions, including the jurisdictions in which the subsidiary guarantors are organized and those in which the subsidiary guarantors own assets or otherwise conduct business, may be applicable to the subordinated notes and the guarantees. Accordingly, we cannot assure you that a third party creditor or bankruptcy trustee would not challenge the subordinated notes or one or more of these subsidiary guarantees in court and prevail in whole or in part.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance or transfer laws, a court could void or subordinate the subordinated notes or the guarantees issued by the subsidiary guarantors if it found that:

- Centerplate or the subsidiary guarantors intended to hinder, delay or defraud our creditors;
- Centerplate or the subsidiary guarantors knew or should have known that the transactions were to the detriment of our creditors;

- the transactions had the effect of giving a preference to one creditor or class of creditors over another; or

- Centerplate or the subsidiary guarantors did not receive fair consideration and reasonably equivalent value for incurring such indebtedness or guarantee obligations and we or the subsidiary guarantors (i) were insolvent or rendered insolvent by reason of the incurrence of such indebtedness or obligations, (ii) were engaged or about to engage in a business or transaction for which our or the subsidiary guarantors' remaining assets constituted unreasonably insufficient capital or (iii) intended to incur, or believed that we or the subsidiary guarantors would incur, debts beyond our or their ability to pay as they mature.

The measure of insolvency for purposes of fraudulent transfer laws varies depending on the law applied. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or

- it could not or would not pay its debts as they become due.

We cannot assure you that a court would reach the conclusion that, upon the issuance of the subordinated notes and the subsidiary guarantees, Centerplate and each of the subsidiary guarantors will be solvent, will have sufficient capital to carry on our business and will be able to pay our debts as they mature. If a court were to find that the issuance of the subordinated notes or a subsidiary guarantee was a fraudulent conveyance or transfer or constituted an illegal preference, the court could void the payment obligations under the subordinated notes or the guarantee, further subordinate the subordinated notes or the subsidiary guarantee to presently existing and future indebtedness of Centerplate or the subsidiary guarantor, or require the holders of the subordinated notes to repay any amounts received with respect to the subordinated notes or guarantee.

It is possible that a creditor of a subsidiary guarantor, or a bankruptcy trustee in the case of a bankruptcy of a subsidiary guarantor, may contest the validity or enforceability of the subsidiary's guarantee of the subordinated notes and that a court may determine that the guarantee should be limited or voided. To the extent that any subsidiary guarantee is determined to be void or unenforceable, or the agreed limitations on the guaranteed obligations become applicable, the subordinated notes would not have a claim under the guarantee and would accordingly be effectively subordinated to all other liabilities of the applicable subsidiary.

Seasonality and variability of our business may cause volatility in the market value of your investment and may hinder our ability to make timely distributions on the IDSs.

Our business is seasonal in nature, and our net sales and operating results vary significantly from quarter to quarter. This variability results from a number of factors, including:

- seasonality of sporting and other events;

- scheduling of events;

- unpredictability in the number, timing and type of new contracts;

- timing of contract expirations and special events; and

- level of attendance at facilities which we serve.

Consequently, results of operations for any particular quarter may not be indicative of results of operations for future periods, which makes it difficult to forecast our results for an entire year. This variability may cause volatility in the market price of the IDSs.

In addition, the seasonality and variability of our business means that at certain times of the year our cash receipts are significantly higher than at other times. Given that we are required to make equal monthly interest payments and expect to pay equal monthly dividends to IDS holders throughout the year, there is a risk that we will experience cash shortages, which could hinder our ability to make timely distributions to IDS holders.

The U.S. federal income tax consequences of the purchase, ownership and disposition of IDSs are unclear.

No statutory, judicial or administrative authority directly addresses the treatment of the IDSs or instruments similar to the IDSs for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of the purchase, ownership and disposition of IDSs are unclear.

The IRS or the courts could successfully assert a treatment of the IDSs different than our intended treatment, which could affect our tax liability and subject foreign holders to additional withholding tax.

We believe that an IDS should be treated as a unit representing a share of common stock and a subordinated note. However, there could be a change in law, the IRS or the courts may take the position that the subordinated note portion is equity, or the IRS or the courts may take the position that the rate of interest on the subordinated notes is not an arms-length rate, any of which could adversely affect the amount, timing and character of income, gain or loss in respect of your investment in IDSs, and all or a portion of the interest on the subordinated may not be deductible by us. If all or a portion of the interest on the subordinated notes is not deductible, we could have a material increase to our taxable income and, thus, to our U.S. federal and applicable state income tax liability. In addition, we would be subject to liability for U.S. withholding taxes on interest payments to non-U.S. holders if the payments were determined to be dividends. This increase in our tax liability would reduce our after-tax cash flow and materially and adversely impact our ability to make interest and dividend payments on the subordinated notes and the common stock, respectively. In the case of foreign holders, treatment of the subordinated notes as equity for U.S. federal income tax purposes would subject payments to the holders of the subordinated notes to withholding or estate taxes in the same manner as payments made with regard to common stock and could subject us to liability for withholding taxes that were not collected on payments of interest. Thereafter, foreign holders would receive any such payments net of the tax withheld.

We may have to establish a reserve for contingent tax liabilities in the future, which could adversely affect our ability to make interest and dividend payments on the IDSs.

Even if the IRS does not challenge the tax treatment of the subordinated notes, it is possible that as a result of a change in the law relied upon at the time of issuance of the subordinated notes, a change in GAAP applicable to income tax contingencies or a change in our understanding of the facts existing at the time of issuance, we will in the future need to change our accounting treatment and establish a reserve for contingent tax liabilities associated with a disallowance of all or part of the interest deductions on the subordinated notes. If we were required to maintain such a reserve, our assessment of our ability to pay dividends could change and the market value for our IDSs could be adversely affected.

Because of the deferral of interest provisions, the subordinated notes may be treated as issued with original issue discount.

Under applicable Treasury regulations, a "remote" contingency that stated interest will not be timely paid will be ignored in determining whether a debt instrument is issued with original issue discount. If we determine, based on our financial forecasts, that the likelihood of deferral of interest payments on the subordinated notes is remote within the meaning of the Treasury regulations, although the matter would not be free from doubt because of the lack of direct authority, the subordinated notes would not be considered issued with original issue discount at the time of their original issuance because of the existence of the deferral of interest provisions. If deferral of any payment of interest were determined not to be "remote," the subordinated notes would be treated as issued with original issue discount at the time of issuance. In such case, all stated interest on the subordinated notes would be treated as original issue discount, and all holders, regardless of their method of tax accounting, would be required to include stated interest in income on a constant accrual basis.

If interest rates rise, the trading value of our IDSs may decline.

We cannot predict the interest rate environment or guarantee that interest rates will not continue to rise in the near future. Should interest rates rise or should the threat of interest rate increases develop, debt markets may be adversely affected. As a result, the trading value of our IDSs may decline.

There is a limited active trading market for securities similar to the IDSs in the United States.

IDSs are an uncommon type of security and there is only a limited active market for IDSs, or securities similar to the IDSs, in the United States. Because of this, you may be unfamiliar with these types of securities and the demand for them may be lower than for securities that have been actively traded for a number of years. An active trading market for this type of security may not develop in the future, which may cause the price of the IDSs to fluctuate substantially.

We do not expect our common stock or subordinated notes to develop separate active trading markets.

We currently do not expect that an active trading market for the shares of our common stock will develop until the subordinated notes are redeemed or mature. If a sufficient number of IDS holders voluntarily separate their IDSs such that at least 33% of our outstanding shares of common stock are separately traded for a period of 30 days, we have agreed that we will use reasonable efforts to cause the common stock to be listed on the American Stock Exchange ("AMEX"). However, we may not be able to list our shares of common stock for separate trading on the AMEX or any other exchange unless the number of shares of common stock held separately and not represented by IDSs is sufficient to satisfy applicable requirements for separate trading on the exchange. The shares of common stock may not be approved for listing at the time. If the subordinated notes represented by the IDSs are redeemed or mature, the IDSs will automatically separate into their component parts and you will then hold the shares of our common stock and our subordinated notes. We do not intend to list our subordinated notes on any securities exchange.

If the IDSs automatically separate, the limited liquidity of the market for our subordinated notes and our shares of common stock may adversely affect your ability to sell our subordinated notes and our shares of common stock.

Upon separation of the IDSs, no sizable market for the subordinated notes and the shares of common stock may ever develop and the liquidity of any trading market for the subordinated notes or the shares of common stock that does develop may be limited. As a result, an investor's ability to sell its subordinated notes and shares of common stock, and the market price an investor can obtain, could be adversely affected.

The price of the IDSs may fluctuate substantially, which could negatively affect holders of IDSs.

Factors such as quarterly variations in our financial results, announcements by us or others, developments affecting us, our clients and our suppliers, general interest rate levels and general market volatility could cause the market price of the IDSs to fluctuate significantly.

Future sales or the possibility of future sales of a substantial amount of IDSs, shares of our common stock or our subordinated notes may depress the price of the IDSs and the shares of our common stock and our subordinated notes.

Future sales or the availability for sale of substantial amounts of IDSs or shares of our common stock or a significant principal amount of our subordinated notes in the public market could adversely affect the prevailing market price of the IDSs and the shares of our common stock and our subordinated notes and could impair our ability to raise capital through future sales of our securities.

We may issue shares of our common stock and subordinated notes, which may be in the form of IDSs, or other securities from time to time as consideration for future acquisitions and investments. In the event any such acquisition or investment is significant, the number of shares of our common stock and the aggregate principal amount of subordinated notes, which may be in the form of IDSs, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be significant. In addition, we may also grant registration rights covering those IDSs, shares of our common stock, subordinated notes or other securities in connection with any such acquisitions and investments.

Our capital structure and our subordinated notes lack some features that have been adopted by other issuers of IDSs. This may affect the way our securities are viewed in comparison to other IDSs in the market or IDSs issued by others in the future.

All of our subordinated notes and all of our shares of common stock are held in the form of IDSs. Other issuers of securities like our IDSs have implemented some separate ownership of their common stock and subordinated notes, which they perceive strengthens their position that the subordinated notes should be treated as debt for tax purposes. IDSs issued by such issuers may be considered more attractive in the market than our IDSs.

The accounting treatment for the IDSs and subordinated notes is complex and subject to judgments concerning the valuation of embedded derivative rights within the indenture governing the subordinated notes. Fluctuations in the valuation of these rights could make our financial results unpredictable.

Our subordinated notes contain three features that are considered to be embedded derivative rights in accordance with U.S. generally accepted accounting principles ("GAAP"): a call option, a change in control put option and a term-extending option. We have determined that the call option and the change in control put option need to be separately valued as of the end of each accounting period in accordance with GAAP. Changes in the valuations of these rights, the valuation methodology or the assumptions on which the valuations are based could cause our financial results to fluctuate. For further information on the accounting treatment of these embedded derivative rights, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to our financial statements included in this annual report. Moreover, it is possible that other questions could arise concerning the appropriate accounting treatment of the IDSs or the subordinated notes.

Our certificate of incorporation and by-laws and several other factors could limit another party's ability to acquire us and deprive you of the opportunity to obtain a takeover premium for your securities.

A number of provisions in our certificate of incorporation and by-laws will make it difficult for another company to acquire us and for you to receive any related takeover premium for your securities. For example, our certificate of incorporation provides that stockholders generally may not act by written consent and only stockholders representing at least 25% in voting power may request that our board of directors call a special meeting. In addition, our ability to merge or consolidate with any other person or, directly or indirectly, sell all or substantially all our assets is subject to the approval of a supermajority of our directors. Our certificate of incorporation authorizes the issuance of preferred stock without stockholder approval and upon such terms as the board of directors may determine. The rights of the holders of shares of our common stock will be subject to, and may be adversely affected by, the rights of holders of any class or series of preferred stock that may be issued in the future. We are also subject to Section 203 of the Delaware General Corporation Law, which restricts the ability of a publicly held Delaware corporation to engage in a business combination such as a merger or sale of assets with any stockholder that, together with affiliates, owns 15% or more of the corporation's outstanding voting stock. The restrictions imposed by Section 203 could prohibit or delay the accomplishment of an acquisition transaction, or discourage attempts to acquire us.

We may not be able to repurchase the subordinated notes upon a change of control.

Upon the occurrence of certain change of control events, we are required to offer to purchase the outstanding subordinated notes at 101% of their principal amount at the date of repurchase unless such subordinated notes have been previously called for redemption. We may not have sufficient financial resources to purchase all of the subordinated notes that are tendered upon a change of control offer. Further, our credit facility, with certain limited exceptions, prohibits the repurchase or redemption of the subordinated notes before your stated maturity. Consequently, lenders thereunder may have the right to prohibit any such purchase or redemption. In such event, we would seek to obtain waivers from the required lenders. We may not be able to obtain such waivers or refinance our indebtedness on terms acceptable to us, or at all. Finally, the occurrence of a change of control could also constitute an event of default under our credit facility, which could result in the acceleration of all amounts due thereunder.

Risks Relating to our Business and the Industry

If attendance or the number of events held at our clients' facilities decreases, our net sales and cash flow would significantly decline.

A decline in the number of events held, the level of attendance at these events or the amount spent by each attendee at client facilities would cause a significant decline in our net sales and cash flow. We rely on our clients to schedule popular events at their facilities and to maximize attendance at these events. The level of attendance and number of events held at our client facilities are affected by several factors, most of which are not within our control and are extremely difficult to predict, including the following:

- maintenance and physical condition of the facility;
- poor performance by the sports teams using the facility;
- relocation or loss of a major sports team using a facility;
- ticket prices;
- changing consumer preferences for leisure time activities;
- inclement weather;
- natural disasters or pandemics;
- power outages;
- war, insurrection or acts of terrorism;
- scheduling of conventions, meetings and large catered events;
- construction of attractive alternative arenas, stadiums, convention centers or other venues or facilities;
- labor stoppages; and
- weaker economic conditions.

Labor stoppages in professional sports could cause a significant decline in our net sales and cash flow, especially in MLB, which accounts for a significant portion of our net sales and a majority of our cash flow generated by contracts for sports facilities.

The pricing and termination provisions of our contracts may limit our ability to recover costs or make a profit on our contracts.

The amount of risk that we bear and our profit potential vary depending on the type of contract under which we provide our services. Under profit and loss and profit sharing contracts, which together account for substantially all of our net sales and cash flows, we bear all of the expenses of providing our services and we bear all of the risk that net sales will be inadequate to support our operations. In addition, some profit and loss and profit sharing contracts contain minimum guaranteed commissions or equivalent payments to the client, regardless of the level of net sales at the facility or whether a profit is generated. If net sales do not exceed costs under a contract, including guaranteed commissions, we will experience losses.

Under many of our contracts, we are obligated to comply with the instructions of our clients in determining which products are sold at individual facilities, and most of our contracts limit our ability to raise prices on the food, beverages and merchandise sold within a particular facility without the client's consent. The refusal by clients to permit the sale of some products at their facilities, or the imposition by clients of maximum prices which are not economically feasible for us, could materially adversely affect our results of operations.

In addition, some of our contracts contain provisions allowing our clients to terminate the contract without cause or with little or no notice, exclude specified events or products from the scope of the contract or modify the terms under which we may operate at specified events. If clients exercise these rights, our net sales may decline significantly and our results of operations could be adversely affected.

We have a history of losses and may experience losses in the future.

Our historical financial statements prepared in accordance with GAAP reflect losses for fiscal 2003 (in the amount of \$4.4 million), fiscal 2005 (in the amount of \$4.6 million) and fiscal 2007 (in the amount of \$1.9 million) and we may incur losses in the future. We may not achieve profitability on a GAAP basis in the future or be able to generate cash flow sufficient to make distributions or meet our interest and principal payment obligations, including interest and dividend payments to you, and other capital needs such as working capital for future growth and capital expenditures.

We may not be able to recover our capital investments in clients' facilities, which may significantly reduce our profits or cause losses.

When we enter into a new contract or renew an existing contract, we are often required to pay substantial contract acquisition fees to the client or to make capital investments in our clients' facilities that can be substantial. If the contract is terminated early either by us or by the client or in the event that a client becomes insolvent or files for bankruptcy, we may not be able to recover our unamortized capital investment under that client's contract and will have to recognize an operating loss or reduction from operating profit equal to the unrecovered portion of our capitalized investment. This amount may be substantial, depending on the remaining term of the contract and the size of the capital investment.

If the sports team tenant of a facility we serve relocates or the ownership of a sports team tenant or the facility we serve changes, we may lose the contract for that facility.

Some of our sports facility contracts do not contain any protection for us in the event that the sports team tenant of the facility moves to a new facility. Changes in the ownership of a facility that we serve, or of a sports team tenant of the facility, may make renewal of a contract less likely and may result in disputes concerning the terms under which we provide our services at the facility.

If we were to lose any of our largest clients, our net sales would decline significantly.

Our net sales would significantly decline if we lost any of our largest clients, representing a few key facilities. For fiscal 2007:

- our largest client, the New York Yankees, accounted for approximately 9.6% of our net sales;
- our three largest clients together accounted for approximately 20.4% of our net sales;
- our 10 largest clients together accounted for approximately 40.3% of our net sales; and
- our 20 largest clients together accounted for approximately 59.8% of our net sales.

Our contract with the New York Yankees covers the existing Yankee Stadium and is currently scheduled to expire on December 31, 2008. Although the contract provides us with an option to extend its term through 2009, the option is not available to us if the Yankees will be playing their home games in a newly-constructed stadium in 2009. In August 2006, the Yankees broke ground on a new stadium that is reported to be on schedule for opening in April 2009. We do not know what our role, if any, will be with respect to the new Yankee Stadium.

We cannot assure you that our ongoing efforts to seek additional net sales by renewing existing contracts and entering into new contracts will be successful or that such additional net sales will fully offset the loss of

Adjusted EBITDA we may experience in the event of the loss of any of our largest clients. In addition, if we do not succeed in replacing Adjusted EBITDA on a timely basis, we might fail to meet the financial ratio requirements under our credit facility if we are unable to obtain a waiver from our senior lenders. While we continue to pursue new business opportunities, at this point, we cannot speculate on the impact of new accounts in 2009 and beyond and the timing of when they come on-line. In addition, we cannot anticipate the potential loss of accounts and the impact on our results.

If any significant client were to become bankrupt, our revenues would be likely to decline and we could lose our investment in the client.

Our contracts often require us to make capital investments in our clients' facilities and we are subject to credit risks on contracts with our clients. The bankruptcy of any significant client could have a material adverse effect on our results of operations.

If we are unable to redeploy any capital returned to us from our existing contracts it could have a material adverse impact on our financial results.

From time to time, capital that we have invested in our contracts is returned to us at our client's option as a result of built-in contractual and/or termination rights or through contract renegotiations. When this occurs, our contract may end or our client may receive higher commissions, both of which could result in a decrease in earnings to us. In addition, if the returned amounts reach a certain threshold and we are unable to redeploy such funds, we are obligated under our credit facility to make a mandatory repayment of our senior debt. If such a repayment is made, we lose the opportunity to generate earnings on that repaid amount because it is no longer be available to us for capital investment.

A contraction of MLB, or other sports played in facilities that we service, that eliminates any of the teams playing in facilities served by us could reduce our revenues.

In November 2001, MLB announced plans for a "contraction" to eliminate three MLB teams beginning with the 2002 baseball season. Although no contraction ultimately occurred, it is possible that MLB or other major sports leagues will eliminate teams from their rosters in the future. This could result in our losing contracts and revenues if the affected teams play in facilities we serve.

We may not have sufficient funds available to make capital investments in clients' facilities that are necessary to maintain these relationships and, as a consequence, we could lose business.

When we renew an existing contract, we are often required to pay substantial contract acquisition fees to the client or to make substantial investments in our client's facility to help finance facility construction or renovation. The amount of these capital investments varies, in some cases materially, from year to year depending on the number and significance of contracts up for renewal. In order to renew these contracts, we may have to make significant capital expenditures. If we do not have sufficient funds available to make attractive bids for new contracts or renew existing contracts, our business will decline and our ability to make payments on the IDSs will be weakened.

Increased capital investments or commissions to renew existing business relationships may lower our profitability.

Even with sufficient funding, any significantly higher up-front capital expenditures for renewing facility contracts could, over the course of those contracts, harm our results of operations as we incur greater amortization expenses. Also, any significantly higher commissions payable to our clients after renewing facility contracts, especially for our largest contracts, could, over the course of the contracts, lower our profitability.

Our cash resources may be strained and we may need to seek additional financing from time to time because of the need to make capital investments in order to obtain or maintain contractual relationships.

Because our need for capital expenditures is tied to the needs and demands of our customers, it is hard for us to predict or budget accurately for these needs. From time to time, our capital resources may be constrained as a result of our efforts to meet customer demands.

Our ability to grow is limited by our capital structure and dividend policy and our reliance on other financing sources.

A substantial portion of our cash earnings is required to service our debt and maintain our existing client base. Our ability to continue to expand our business depends upon our future cash flow from operations after dividends and maintenance capital expenditures. Because of the amount of cash distributed to our holders of IDSs (or common stock and subordinated notes represented thereby) under our capital structure, we are more dependent upon our ability to borrow funds under our credit facility and to obtain other third-party financing to fund our growth. We cannot assure you that such financing will be available to us on favorable terms or at all.

Future strategic transactions, such as acquisitions or joint ventures, may require significant resources or result in significant losses, costs or liabilities.

In the course of our business, we continuously explore and evaluate opportunities to partner creatively with other companies in order to enhance our existing operating platforms, achieve operations efficiencies or expand our product offerings. We may seek to grow through strategic partnerships or other transactions, including acquisitions, which may be material. We may have difficulty financing any acquisition as a result of our capital structure. If we incur additional indebtedness to finance an acquisition, it could reduce our access to capital for other purposes and increase our debt service costs.

Future strategic transactions, such as acquisitions or joint ventures, could entail a number of other risks, including, without limitation, difficulties in integrating operations, unfamiliarity with new areas of business, increased operating costs, exposure to liabilities, regulatory risks and diversion of management's attention from operating our business.

If labor or other operating costs increase, we may not be able to make a corresponding increase in the prices of our products and services and our profitability may decline significantly.

Most of our contracts require us to obtain our clients' consent before raising prices. As a result, we may not be able to offset any increases in our wage or other operating costs through price changes. Any factors which increase the wage rates that we have to pay in order to attract suitable employees, including any tightening of the labor supply in any of the markets where we operate, or any other factors that increase our operating costs, such as trends affecting insurance premiums, may materially adversely affect our profitability. In addition, our profitability could be materially adversely affected if we were faced with cost increases for food, beverages, wages and equipment due to general economic conditions, collective bargaining obligations, competitive conditions or any combination of these.

We are heavily dependent on key personnel, and a loss of such personnel could have a detrimental effect on our business.

We are highly dependent upon the efforts of our senior management team and our ability to attract and retain qualified high level personnel. The loss of the services of one or more of these individuals might impede the achievement of our business objectives and could have an adverse effect on our business.

We may incur significant liability for withdrawing from multi-employer pension plans.

We operate at numerous facilities under collective bargaining agreements. Under some of these agreements, we are obligated to contribute to multi-employer pension plans. If any of our service contracts at these facilities were terminated or not renewed, and the applicable multi-employer pension plan at that time had unfunded vested benefits, we could be subject to withdrawal liability to the multi-employer plan. We have not determined the extent of our potential liability, if any, for any withdrawal in the future. We may be exposed to material withdrawal liability under these circumstances. In addition, we cannot predict with any certainty which, if any, groups of employees who are not currently represented by labor unions may seek union representation in the future, or the outcome of any re-negotiation of current collective bargaining agreements.

We may harm our reputation or incur significant liabilities if claims of illness or injury associated with our service of food and beverage to the public are brought against us.

Claims of illness or injury relating to food quality or handling are common in the food service industry and from time to time, we are and may become in the future subject to claims relating to:

- consumer product liability;
- product tampering;
- nutritional and health-related concerns; and
- federal, state, provincial and local food controls.

We may also be adversely affected by negative publicity resulting from the filing of food quality or handling claims at one or more of the facilities we serve. In addition, the level of product liability insurance coverage we currently maintain may not be adequate to cover these claims. Any losses that we may suffer from future liability claims, including the successful assertion against us of one or a series of large claims in excess of our insurance coverage, could materially adversely affect our results of operations. Furthermore, adverse publicity could negatively impact our ability to renew existing contracts or to obtain new clients.

The loss of any of our liquor licenses or permits would adversely affect our ability to carry out our business.

We hold liquor licenses at many facilities at which we provide services and are subject to licensing requirements with respect to the sale of alcoholic beverages in the states and provinces in which we serve the beverages. Failure to receive or retain, or the suspension of, liquor licenses or permits would interrupt or terminate our ability to serve alcoholic beverages at the applicable locations and, depending on the number of locations or specific facilities affected, could have a material adverse effect on our results of operations. Some of our contracts require us to pay liquidated damages during any period in which our liquor license for the relevant facility is suspended, and most contracts are subject to termination in the event that we lose our liquor license for the relevant facility. Additional regulation relating to liquor licenses may limit our activities in the future or significantly increase the cost of compliance.

If one of our employees sells alcoholic beverages to an intoxicated or minor patron, we could be liable to third parties for the acts of the patron.

We serve alcoholic beverages at many facilities and are subject to the "dram-shop" statutes of the jurisdictions in which we serve alcoholic beverages. "Dram-shop" statutes generally provide that serving alcohol to an intoxicated or minor patron is a violation of law.

In most jurisdictions, if one of our employees sells alcoholic beverages to an intoxicated or minor patron, we may be liable to third parties for the acts of the patron. We cannot guarantee that those patrons will not be served or that we will not be subject to liability for their acts. Our liquor liability insurance coverage may not be adequate to cover any potential liability and insurance may not continue to be available on commercially acceptable terms or at all, or we may face increased deductibles on such insurance. Any increase in the number or size of "dram-shop" claims could have a material adverse effect on us through the costs of: defending against such claims; paying deductibles and increased insurance premium amounts; implementing improved training and heightened control procedures for our employees; and paying any damages or settlements on such claims.

If we fail to comply with applicable governmental regulations, we may become subject to lawsuits and other liabilities or restrictions on our operations which could significantly reduce our net sales and cash flow and undermine the growth of our business.

Our operations are subject to various governmental regulations, including those governing:

- the service of food and alcoholic beverages;
- minimum wage;
- other employment terms and conditions;
- environmental protection; and
- human health and safety.

In addition, our facilities and products are subject to periodic inspection by federal, state, provincial and local authorities.

If we fail to comply with applicable laws and regulations, we could be subject to governmental and private civil remedies, including fines, damages, injunctions, recalls or seizures, as well as potential criminal sanctions. This could have a material adverse effect on our results of operations. We may not be in compliance with all applicable laws and regulations and we may not be able to comply with all future laws and regulations. Furthermore, additional federal, state or provincial legislation, or changes in regulatory implementation, may limit our activities in the future or significantly increase the cost of regulatory compliance.

We could be subject to litigation, which, if determined adversely, could be material.

We are, and may in the future be, subject to litigation which, if determined adversely to us, could have a material adverse effect on our business and financial condition. Such litigation could materially adversely affect us if we have to pay substantial damages, settlement costs or increased premiums or if it causes us to divert our attention and resources to address such litigation.

We may be subject to significant environmental liabilities.

Claims for environmental liabilities arising out of property contamination have been asserted against us from time to time, and in some cases the claims have been associated with businesses, including waste disposal and/or management businesses, related to entities we acquired and have been based on conduct that occurred prior to our acquisition of those entities. Environmental liabilities relating to any of our current or former operations or any entities we have acquired could be identified and give rise to claims against us involving significant losses.

If we fail to remain competitive within our industry, we will not be able to maintain our clients or obtain new clients, which would materially adversely affect our financial condition, results of operations and liquidity.

The recreational food service industry is highly fragmented and competitive, with several national and international food service providers as well as a large number of smaller independent businesses serving discrete local and regional markets and competing in distinct areas. Those smaller companies that lack a full-service capability (because, for example, they cannot cater for luxury suites at stadiums and arenas) often bid for contracts in conjunction with one of the other national or international food service companies that can offer those services.

We compete primarily based on the following factors:

- financial terms, including the ability to make capital investments and commission structures;
- creativity and service innovation;
- strategic approach;

- quality of products and services; and
- reputation within the industry.

Some of our competitors may be prepared to accept less favorable financial returns than we are when bidding for contracts. A number of our competitors also have substantially greater financial and other resources than we do and some of them may have higher retention rates than we do. Furthermore, the fact that we have relatively more debt than some of our competitors could place us at a competitive disadvantage. We also face competition from regional and local service contractors, some of which are better established than we are within a specific geographic region. Existing or potential clients may also elect to "self operate" their food services, eliminating the opportunity for us to compete for the account.

A terrorist attack on any facility which we serve, or an attack or threat of an attack on large sports facilities in general, could significantly harm our business, and our contracts do not provide for the recovery by us of our costs in the event of a terrorist attack on a facility. Additionally, the response to terrorist threats or the outbreak or escalation of any insurrection or armed conflict involving the United States or any other national or international calamity could significantly harm our business.

A terrorist attack on any of the facilities which we serve, particularly large sports facilities, could result in a decrease in attendance or the number of events at these facilities generally, which could result in a significant decline in our net sales and operating income. These material adverse effects could be long-lived, which could curtail recovery of previously routine business in the affected facility or in other facilities which we serve. If a sufficient number or proportion of our facilities were affected, the result could materially adversely affect our ability to make interest or dividend payments to you. While our contracts that require us to make payments of required minimum commission or royalties generally provide for the suspension of our obligations in the event of a facility being closed or a *force majeure* event, including as a result of a terrorist attack, none of our contracts specifically provides for the recovery by us of costs we have already incurred in the event of a terrorist attack on a facility. Additionally, the national and international response to the threat of terrorist attacks, or an outbreak or escalation of any insurrection or armed conflict involving the United States or any other national or international calamity could result in a decrease in attendance or the number of events at sports facilities, convention centers and other entertainment and recreational facilities, including our clients' facilities, which could result in a significant decline in our net sales and operating income.

A natural disaster such as Hurricane Katrina, or a pandemic such as a widespread outbreak of avian flu, could have a material adverse effect on our financial condition and business.

In August 2005, Hurricane Katrina devastated the gulf coast of the United States. The many casualties of the disaster included the Louisiana Superdome and the New Orleans Arena, both facilities which we serve. Because of the extensive damage to the Louisiana Superdome and the New Orleans Arena, the facilities were closed for over six months and our inability to serve the facilities during such time resulted in a decline in our net sales and operating income. Similar natural occurrences such as Hurricane Katrina could close down facilities we service on a temporary or permanent basis, which could reduce our net sales and operating income.

If a pandemic such as avian flu were to erupt in the United States or Canada, attendance at sports facilities, convention centers and other entertainment venues would be likely to decline, as people may want to avoid crowded areas, and this would reduce our net sales and operating income.

We may not be able to obtain insurance, or obtain insurance on commercially acceptable terms, which could result in significant liabilities and cause a default under contracts requiring us to maintain insurance.

If we fail to obtain insurance on commercially acceptable terms or at all, we could become subject to significant liabilities which could cause a significant decline in our operating income or result in a default under our indebtedness. In addition, depending on the insurance available in the market, we could be in default under a number of our contracts which could cause those contracts to be terminated. Termination of those contracts could cause a significant decline in our net sales and our operating income.

Item 1B. *Unresolved Staff Comments*

We have no unresolved SEC staff comments.

Item 2. *Properties*

In 2007, we entered into a new lease and moved our principal executive office to a new location in Stamford, Connecticut, with approximately 8,800 square feet. We also lease our corporate headquarters of approximately 20,000 square feet in Spartanburg, South Carolina.

As of January 1, 2008 we served 131 facilities, all of which are owned or leased by our clients. The contracts with our clients generally permit us to use certain areas within the facility to perform our administrative functions and fulfill our warehousing needs, as well as to provide food and beverage services and, in some cases, the selling of merchandise.

Item 3. *Legal Proceedings*

There are various claims and pending legal actions against or directly involving Centerplate and its subsidiaries that are incidental to the conduct of our business. It is the opinion of management, after considering a number of factors, including but not limited to the current status of any pending proceeding (including any settlement discussions), the views of retained counsel, the nature of the litigation, prior experience and the amounts that we have accrued for known contingencies, that the ultimate disposition of any of these pending proceedings or contingencies will not have a material adverse effect on our financial condition or results of operations.

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

There were no matters submitted to a vote of securities holders during the fourth quarter of our fiscal year ended January 1, 2008.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our IDSs are traded on the AMEX under the symbol "CVP" and on the Toronto Stock Exchange ("TSX") under the symbol "CVP.un" and have been so traded since December 5, 2003. As of March 14, 2008 we had one holder of record, Cede & Co. (the nominee for DTC), which holds the IDSs on behalf of approximately 99 participants in DTC's system, which in turn hold on behalf of beneficial owners. The Bank of New York holds the subordinated notes and shares of our common stock that constitute the IDSs as custodian for the beneficial owners of the IDSs. The closing price of our IDSs on the AMEX was $9.94 on

March 14, 2008. The following table shows the range of the high and low sale prices of our IDSs, as reported on the AMEX for the periods indicated:

	High	Low
Fiscal 2006		
First Quarter	$13.25	$12.50
Second Quarter	$14.45	$12.78
Third Quarter	$16.51	$13.25
Fourth Quarter	$19.06	$14.94
Fiscal 2007		
First Quarter	$19.88	$13.54
Second Quarter	$18.85	$15.34
Third Quarter	$18.00	$10.87
Fourth Quarter	$17.92	$ 8.66

The closing price of our IDSs on the TSX was C$10.02 on March 14, 2008. The following table shows the range of the high and low sale prices of our IDSs, as reported on the TSX for each of the periods indicated. All prices are in Canadian Dollars:

	High	Low
Fiscal 2006		
First Quarter	C$15.13	C$14.10
Second Quarter	C$15.60	C$14.68
Third Quarter	C$18.40	C$14.75
Fourth Quarter	C$22.00	C$16.00
Fiscal 2007		
First Quarter	C$22.56	C$15.70
Second Quarter	C$20.10	C$17.00
Third Quarter	C$19.00	C$13.66
Fourth Quarter	C$16.18	C$9.02

Holders of IDSs have the right to separate each IDS into the shares of common stock and subordinated notes represented thereby. According to the records of our transfer agent, as of March 14, 2008 we had one holder of record of common stock, The Bank of New York, which holds the common stock as custodian for the beneficial owners of the IDSs.

Dividend policy and restrictions

The dividend policy established by our board of directors is to pay a monthly cash dividend of $.066 per share on our common stock, subject to applicable law, as described below, the terms of our credit facility, the indenture governing our subordinated notes and any other outstanding indebtedness of ours, and our board of directors' assessment of our cash needs. The determination is made on a monthly basis. Dividends are paid monthly on or about the 20th day of each month, to holders of record on or about the 10th day of such month or the immediately preceding business day of such month.

As described more fully below, you may not receive any dividends as a result of the following factors:

- nothing requires us to pay dividends;
- our dividend policy could be modified or revoked at any time at the discretion of our board of directors;

- even if our dividend policy were not modified or revoked, the actual amount of dividends distributed under the policy and the decision to make any distribution is entirely at the discretion of our board of directors;
- the amount of dividends distributed is subject to debt covenant restrictions under our indenture, our credit facility and any other indebtedness;
- the distribution and amount of dividends distributed is subject to state law restrictions;
- our board of directors may determine to use or retain our cash for other purposes;
- our stockholders have no contractual or other legal right to dividends; and
- we may not have enough cash to pay dividends depending on our operating earnings, working capital requirements, level of contract renewals and anticipated cash needs.

Since January 2004, we have continuously paid monthly dividends on our common stock on or about the 20th day of each month at a rate of $0.79 per share per annum. Our first payment was made on January 20, 2004 to securityholders of record at the close of business on January 9, 2004. This first dividend payment included a payment for the initial 30-day period beginning December 20, 2003, and ending on January 19, 2004, as well as a payment for the interim period beginning December 10, 2003, the date of the closing of our IPO, and ending on December 19, 2003. Our board of directors may, in its sole discretion, decide to use or retain available cash to fund growth or maintenance capital expenditures or acquisitions, to repay indebtedness or for general corporate purposes.

Our credit facility restricts our ability to declare and pay dividends on our common stock if and for so long as we do not meet the interest coverage ratio, senior leverage ratio or total leverage ratio specified in our credit facility. If we fail to achieve any of these ratios for any month but resume compliance in a subsequent month and satisfy the other conditions specified in our credit facility (including timely delivery of applicable financial statements), we may resume the payment of dividends. Our credit facility also restricts our ability to declare and pay dividends on our common stock if either a default or event of default under our credit facility has occurred and is continuing or the payment of interest on our subordinated notes has been suspended or deferred interest on our subordinated notes has not been paid or if we have not maintained certain minimum balances in the cash collateral account. Our credit facility permits us to use up to 100% of distributable cash, as defined in our credit facility (plus withdrawals from the Dividend/CapEx Funding Account and CapEx Funding Account and revolver borrowings permitted under our credit facility) to fund dividends on our shares of common stock. During any period in which payment of dividends is suspended, the applicable amount of distributable cash must be applied to mandatory prepayments of certain borrowings under our credit facility.

In March 2008, we obtained a waiver and amendment of certain provisions of the credit agreement temporarily affecting the calculation of the senior leverage ratio that must be achieved in order to pay dividends. We are currently seeking a permanent amendment to the credit agreement to enable us to meet the ratio requirements and give us the necessary flexibility to address business needs that may arise from time to time with respect to cash flow and capital expenditures due to variations in when events occur or accounts come on line. No assurance can be given as to whether we can obtain this amendment or whether it will be adequate to enable us to pay dividends in the future.

If we are unable to obtain this amendment, we will need to suspend dividend payments beginning in April 2008 until we can meet the ratio requirements for the payment of dividends under our credit facility.

The indenture governing our subordinated notes restricts our ability to declare and pay dividends on our common stock as follows:

- we may not pay dividends if the payment will exceed the quarterly base dividend level in any fiscal quarter; provided that if the payment is less than the quarterly base dividend level in any fiscal quarter, 50% of the difference between the aggregate amount of dividends actually paid and the quarterly base dividend level for the quarter will be available for the payment of dividends at a later date. The quarterly base dividend level for any given fiscal quarter equals 85% of our excess cash (as defined below) for the 12-month period ending on the last day of our then most recently ended fiscal quarter for which internal financial statements are available at the time the dividend is declared and paid, divided by four. "Excess cash" means, with respect to any period, Adjusted EBITDA, as defined in the indenture, minus the sum of (i) cash interest expense and (ii) cash income tax expense, in each case, for the period;

- we may not pay any dividends if not permitted under any of our senior indebtedness;
- we may not pay any dividends while interest on the subordinated notes is being deferred or, after the end of any interest deferral, so long as any deferred interest has not been paid in full; and
- we may not pay any dividends if a default or event of default under the indenture has occurred and is continuing.

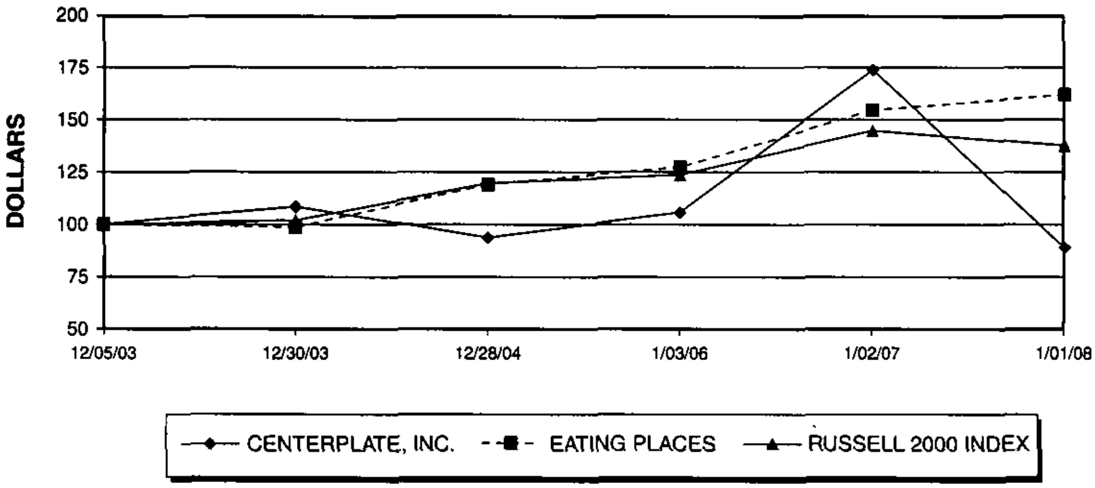
Our board of directors may, in its absolute discretion, amend or repeal this dividend policy. Our board of directors may decrease the level of dividends paid at any time or discontinue entirely the payment of dividends.

Future dividends with respect to shares of our capital stock, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, our level of contract renewals, provisions of applicable law and other factors that our board of directors may deem relevant. Under Delaware law, our board of directors may declare dividends only to the extent of our "surplus" (which is defined as total assets at fair market value minus total liabilities, minus statutory capital), or if there is no surplus, out of our net profits for the then current and/or immediately preceding fiscal year.

Performance Graph

The graph below compares the cumulative total return to securityholders (IDS price appreciation plus reinvested dividends and interest) for our IDSs with the comparable cumulative return of two indexes: the Russell 2000 Index and Standard Industrial Classification Index 5812 (Eating Places). The graph assumes the investment of $100 on December 5, 2003 (the day on which trading of the IDSs began on AMEX) in our IDSs and in each of the indexes, and the reinvestment of all dividends and interest. Points on the graph represent the performance as of the last business day of each of the fiscal years indicated.

COMPARISON OF CUMULATIVE TOTAL RETURN
AMONG CENTERPLATE, INC.,
RUSSELL 2000 INDEX AND SIC CODE INDEX



ASSUMES $100 INVESTED ON DEC. 5, 2003
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDING JAN. 1, 2008

	FISCAL YEAR ENDING					
COMPANY/INDEX/MARKET	**12/05/2003**	**12/30/2003**	**12/28/2004**	**1/03/2006**	**1/2/2007**	**1/1/2008**
Centerplate, Inc. IDS Units	100.00	108.52	93.82	105.74	173.86	89.17
Eating Places	100.00	98.72	119.08	127.43	154.56	161.94
Russell 2000 Index	100.00	101.90	119.73	123.71	144.83	137.67

The information under the heading "Performance Graph" shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table reflects the purchase of common stock from our initial equity investors as required in conjunction with our secondary offering, which closed on December 5, 2007:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
October 2, 2007 to November 1, 2007	—	—	N/A	N/A
November 2, 2007 to December 1, 2008...	—	—	N/A	N/A
December 2, 2007 to January 1, 2008(1)...	1,543,180	$9.30(2)	N/A	N/A
Total	1,543,180	$9.30(2)	N/A	N/A

(1) These repurchases were made in a privately negotiated "exchange transaction," the terms of which were governed by an amended and restated stockholders agreement, as amended, that we entered into with the initial equity investors at the closing of our IPO. The purpose of the exchange transaction was to enable the initial equity investors to exercise their rights under a registration rights agreement that we entered into with, among others, the initial equity investors at the closing of our IPO by converting their equity interest into IDSs, which were then sold to the public on December 5, 2007. The repurchased shares are now held by us as treasury shares.

(2) The shares of common stock were exchanged at an exchange rate of $9.30 in principal amount per share, or $14.4 million in face amount of subordinated notes. In connection with the exchange transaction, the initial equity investors remitted to us five months' interest on the subordinated notes issued in exchange for the repurchased shares of common stock, which interest we were obligated to deposit in a cash collateral account maintained under our credit facility.

Item 6. *Selected Financial Data*

The following table sets forth selected consolidated financial data for the last five years. The selected consolidated financial data should be read together with our audited consolidated financial statements for fiscal 2005, 2006 and 2007 and the related notes, included in Item 8 of this Form 10-K, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7 of this Form 10-K. The figures in the following table reflect rounding adjustments.

	Fiscal(1)				
	2003	2004	2005	2006	2007
	(In millions, except per share data)				
Statement of operations data:					
Net sales	$616.1	$607.2	$643.1	$681.1	$740.7
Cost of sales (excluding depreciation and amortization)	504.0	492.5	519.4	554.8	604.8
Selling, general and administrative	59.6	61.5	71.4	70.5	79.6
Depreciation and amortization	27.1	26.6	29.3	28.9	31.4
Transaction related expenses	2.6	—	1.0	0.7	1.7
Contract related losses	0.8	0.4	0.4	0.4	—
Operating income	22.0	26.1	21.7	25.9	23.2
Interest expense(2)	32.8	25.0	31.3	24.4	28.5
Other income, net	(0.1)	(0.3)	(1.2)	(1.7)	(1.8)
Income (loss) before income taxes	(10.7)	1.4	(8.4)	3.2	(3.5)
Income tax benefit	(6.3)	(1.0)	(3.9)	(0.2)	(1.6)
Net income (loss)	(4.4)	2.3	(4.6)	3.5	(1.9)
Accretion of conversion options	—	0.3	—	—	—
Net income (loss) available to common stock with or without the conversion option	$ (4.4)	$ 2.0	$ (4.6)	$ 3.5	(1.9)

	2003	2004	2005	2006	2007
	(In millions, except per share data)				
Per share data:					
Net income (loss) per share with conversion option:					
Basic and diluted	$(0.31)	$ 0.17	$(0.20)	$ 0.15	$(0.08)
Net income (loss) per share without conversion option:					
Basic and diluted	$(0.31)	$ 0.09	$(0.20)	$ 0.15	$(0.08)
Dividends declared per share	$ 0.09	$ 0.79	$ 0.79	$ 0.79	$ 0.79
Cash flow data:					
Net cash provided by operating activities	$ 27.2	$ 28.4	$ 28.4	$ 39.4	$ 21.7
Net cash provided by (used in) investing activities	$(45.4)	$ 7.1	$(24.7)	$(38.8)	$(25.0)
Net cash provided by (used in) financing activities	$ 30.8	$(33.7)	$ 13.0	$ (2.4)	$ (2.9)
Other data:					
Maintenance capital expenditures(3)	$ 8.3	$ 18.2	$ 16.7	$ 19.3	$ 19.1
Growth capital expenditures(3)	15.6	5.7	8.4	8.5	$ 18.0
Aggregate capital expenditures(3)	$ 23.9	$ 23.9	$ 25.1	$ 27.8	$ 37.1
Ratio of earnings to fixed charges(4)	—	1.1x	—	1.1x	—
Deficiency in the coverage of earnings to fixed charges(4)	$(10.7)	—	$ (8.4)	—	$ (3.5)

	12/30/03	12/28/04	1/03/06	1/02/07	1/01/08
			(In millions)		
Balance sheet data:					
Total assets	$ 322.3	$ 299.0	$ 318.0	$ 332.4	$ 332.4
Long-term debt (including current portion)	$ 186.5	$ 170.2	$ 211.9	$ 225.9	$ 253.9

	2003	2004	2005	2006	2007
			(In millions)		
EBITDA(5):					
Net income (loss)	$ (4.4)	$ 2.3	$ (4.6)	$ 3.5	$ (1.9)
Income tax benefit	6.3	1.0	3.9	0.2	1.6
Income (loss) before income taxes	$ (10.7)	$ 1.4	$ (8.4)	$ 3.2	$ (3.5)
Adjustments:					
Interest expense(2)	32.8	25.0	31.3	24.4	28.5
Depreciation and amortization	27.1	26.6	29.3	28.9	31.4
EBITDA(5)	$ 49.2	$ 53.0	$ 52.1	$ 56.5	$ 56.4

(1) We have adopted a 52-53 week period ending on the Tuesday closest to December 31 as our fiscal year. The 2003, 2004, 2006 and 2007 fiscal years consisted of 52 weeks, and the 2005 fiscal year consisted of 53 weeks.

(2) Interest expense for fiscal 2003 includes a $5.3 million non-cash charge related to the early extinguishment of debt as a result of the refinancing of our 1998 credit facility and $7.2 million in expenses associated with the repurchase of the notes that we issued in 1999 (the "1999 notes"). Interest expense for fiscal 2004 includes a $1.2 million non-cash charge related to the repayment of the remaining 1999 notes and a $2.0 million non-cash charge for the change in the fair value of our derivatives. Interest expense for fiscal 2005 includes $5.8 million in expenses related to entering into a new credit agreement on April 1, 2005. The $5.8 million includes a pre-payment premium of $4.6 million on the prior credit facility and a $1.2 million non-cash charge for the write-off of deferred financing costs. Interest expense for fiscal 2006 and fiscal 2007 includes non-cash credits of $3.4 million and $0.9 million, respectively, for the change in the fair value of our derivatives.

(3) The sum of maintenance and growth capital expenditures equals the sum of contract rights acquired (purchase of contract rights) and the purchase of property and equipment, for the relevant periods as displayed in the statement of cash flows, as follows:

	Fiscal(1)				
	2003	2004	2005	2006	2007
			(In millions)		
Statement of cash flow data:					
Contract rights acquired (purchase of contract rights)	$16.0	$15.9	$10.4	$14.0	$21.7
Purchase of property and equipment	7.9	8.0	14.7	13.8	15.4
Aggregate capital expenditures	$23.9	$23.9	$25.1	$27.8	$37.1

Maintenance capital expenditures are capital expenditures made to secure renewals of our existing contracts and maintain these contracts following renewal. Growth capital expenditures are those made to secure new contracts and maintain these contracts during their initial term. Accordingly, growth capital expenditures in any given year consist of up-front capital investments in new contracts and additional committed investments in existing contracts that have not previously been renewed.

From year to year, our aggregate capital expenditures can vary considerably. This is because (a) the pattern of renewals (which may give rise to maintenance capital expenditures) varies based on the term of existing contracts, and (b) our pattern of obtaining new contracts (which may give rise to growth capital expenditures) varies over time.

We believe that the identification and separation of maintenance and growth capital expenditures are important factors in evaluating our financial results. While we strive to maintain our present level of EBITDA by securing renewals of our existing contracts, we cannot be assured that we will maintain our present level of EBITDA in part because we cannot predict the future financial requirements of our clients. Contracts may be renewed at significantly different commission rates and, thus, significantly different levels of EBITDA, depending on the clients' financial requirements at the time of renewal. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

(4) For purposes of determining the ratio of earnings to fixed charges, earnings are defined as income (loss) before income taxes and cumulative effect of change in accounting principle plus fixed charges. Fixed charges include interest expense on all indebtedness, amortization of deferred financing costs and one-third of rental expense on operating leases representing that portion of rental expense deemed to be attributable to interest. Where earnings are inadequate to cover fixed charges, the deficiency is reported.

(5) EBITDA is not a measure in accordance with GAAP. EBITDA is not intended to represent cash flows from operations as determined by GAAP and should not be used as an alternative to income (loss) before taxes or net income (loss) as an indicator of operating performance or to cash flows as a measure of liquidity. We believe that EBITDA is an important measure of the cash returned on our investment in capital expenditures under our contracts.

"Adjusted EBITDA," as defined in the indenture governing our 13.50% Subordinated Notes issued in 2003 and 2007, which we refer to as the "subordinated notes," is determined as EBITDA, as adjusted for transaction related expenses, contract related losses, other non-cash charges, and the annual management fee paid to affiliates of Blackstone and GE Capital through 2003, less any non-cash credits. We present this discussion of Adjusted EBITDA because covenants in the indenture governing our subordinated notes contain ratios based on this measure. For example, our ability to incur additional debt and make restricted payments requires a ratio of Adjusted EBITDA to fixed charges of 2.0 to 1.0, calculated on a *pro forma* basis in accordance with the indenture, except that we may incur certain debt and make certain restricted payments without regard to the ratio, and may incur an unlimited amount of indebtedness in connection with the issuance of additional IDSs so long as the ratio of the aggregate principal amount of the additional notes to the number of the additional shares of our common stock will not exceed the equivalent ratio represented by the then existing IDSs. In fiscal 2005, the ratio of Adjusted EBITDA to fixed charges was 1.9 to 1.0 as a result of the additional interest expense associated with the refinancing of the senior credit facility. This additional interest expense was excluded from the *pro forma* calculation of the ratio under the indenture in accordance with the provisions of the indenture governing the incurrence of indebtedness. As of January 1, 2008, we were in compliance with the ratio requirements under the indenture and had the ability under the indenture to incur additional indebtedness.

On a historical basis, we made the following adjustments to EBITDA to compute Adjusted EBITDA:

	Fiscal(1)				
	2003	2004	2005	2006	2007
	(In millions, except ratios)				
EBITDA	$49.2	$53.0	$52.1	$56.5	$56.4
Adjustments:					
Transaction related expenses	2.6	—	1.0	0.7	1.7
Contract related losses	0.8	0.4	0.4	0.4	—
Non-cash compensation	0.1	—	—	—	—
Management fees paid to affiliates of Blackstone and GE Capital	0.4	—	—	—	—
Adjusted EBITDA	$53.1	$53.4	$53.5	$57.5	$58.1
Unusual item included in EBITDA and Adjusted EBITDA:					
Ratio of Adjusted EBITDA to fixed charges	2.1x	2.3x	1.9x	2.6x	2.2x

Explanations of the adjustments are listed below:

- Transaction related expenses include:
  - For fiscal 2003, $2.6 million in expenses related to executive compensation associated with the issuance of the IDSs;
  - For fiscal 2005, $1.0 million of expenses incurred in connection with the contemplated follow-on offering to the 2003 IPO;
  - For fiscal 2006, $0.7 million of expenses incurred in connection with the contemplated follow-on offering to the 2003 IPO;
  - For fiscal 2007, $1.7 million of expenses incurred in connection with the follow-on offering to the 2003 IPO.
- Contract related losses include:
  - For fiscal 2003, $0.8 million of non-cash charges for the write-down of impaired assets for certain terminated and/or assigned contracts;
  - For fiscal 2004, $0.4 million of non-cash charges for the write-down of impaired assets for certain terminated contracts and contracts for which we intend to continue operations; and
  - For fiscal 2005, $0.3 million for the write-off of contract rights for a terminated contract and $0.1 million for the write-down of impaired contract rights and property and equipment.
  - For fiscal 2006, $0.4 million for the write-off of impaired assets associated with our contracts.
  - Non-cash compensation expenses related to the revaluation of partnership units purchased by certain members of our management financed with nonrecourse loans include $0.1 million for fiscal 2003.
  - Management fees paid to affiliates of Blackstone and GE Capital include $0.4 million for fiscal 2003. The management fees were paid quarterly in arrears and ceased upon the closing of the IPO.

For purposes of calculating the ratio of Adjusted EBITDA to fixed charges, fixed charges includes interest expense (excluding amortization of deferred financing fees) plus capitalized interest, the earned discount or yield with respect to the sale of receivables and cash dividends on preferred stock.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

General

Management's discussion and analysis is a review of our results of operations and our liquidity and capital resources. The following discussion should be read in conjunction with "Selected Financial Data" and the financial statements, including the related notes, appearing elsewhere in this report. The following data has been prepared in accordance with GAAP.

Overview

We believe that our ability to retain existing accounts and to win new accounts are key factors in maintaining and growing our net sales. Net sales historically have increased when there has been an increase in the number of events or attendance at our sports facilities due to a higher number of post-season and play-off games. Net sales also have increased as a result of more events at our convention centers and entertainment venues. These higher sales, along with our ability to control product and labor costs, and our ability to increase per capita spending, are primary drivers of EBITDA and net income growth.

When renewing an existing contract or securing a new contract, we often have to make a capital investment in our client's facility and offer to pay the client a percentage of the net sales or profits in the form of a commission. We reinvest the cash flow generated by operating activities in order to renew or obtain contracts. We believe that these investments have provided a diversified account base of exclusive, long-term contracts.

Our strategic initiatives and infrastructure development have helped position our company for growth, but this process is not complete, and we must continue to invest in our business in order to operate successfully in a very competitive environment. In addition, we seek to broaden our strategic horizons and garner a wide range of potential opportunities in order to reduce our dependence on any single account. In 2008, we will look to grow net sales and EBITDA through new accounts, acquisitions and/or joint ventures that will expand upon the scope of our business and enhance our existing operating platforms.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the financial statement date and reported amounts of revenues and expenses, including amounts that are susceptible to change. Our critical accounting policies include accounting methods and estimates underlying such financial statement preparation, as well as judgments around uncertainties affecting the application of those policies. In applying critical accounting policies, materially different amounts or results could be reported under different conditions or using different assumptions. For additional discussion of our critical accounting policies, see Note 2 to our Consolidated Financial Statements.

- *Recoverability of Property and Equipment, Contract Rights, Cost in Excess of Net Assets Acquired and Other Intangible Assets.* As of January 1, 2008, net property and equipment of $52.0 million and net contract rights of $85.2 million were recorded. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, we evaluate long-lived assets with finite lives for possible impairment when an event occurs which would indicate that its carrying amount may not be recoverable. The impairment analysis is made at the contract level and evaluates the net property and equipment as well as the contract rights related to that contract. The undiscounted future cash flows from a contract are compared to the carrying value of the related long-lived assets. If the undiscounted future cash flows are lower than the carrying value, an impairment charge is recorded. The amount of the impairment charge is equal to the difference between the carrying value (or net book value) of the long-lived assets and the future discounted cash flows related to the assets (using a rate based on our incremental borrowing rate). As we base our estimates of undiscounted future cash flows on past operating performance, including anticipated labor and other cost increases, and prevailing market conditions, we cannot make assurances that our estimates are achievable. Different conditions or assumptions, if significantly negative or unfavorable, could have a material adverse effect on the outcome of our evaluation and our financial condition or future results of operations. Events that would trigger an evaluation at the contract level include the loss of a tenant team, intent to cease operations at a facility due to contract termination or other means, the bankruptcy of a client, and the discontinuation of a sports league or a significant increase in competition that could reduce the future profitability of the contract, among others.

  As of January 1, 2008, cost in excess of net assets acquired of $41.1 million and other intangible assets (trademarks) of $17.5 million were recorded. In accordance with SFAS No. 142, on an annual basis, we test our indefinite-lived intangible assets (cost in excess of net assets acquired and trademarks) for impairment. Additionally, cost in excess of net assets acquired is tested between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We have determined that the reporting unit for testing the cost in excess of net assets acquired for impairment is our consolidated operations. In performing the assessment for the annual cost in excess of net assets acquired assessment, we compare the fair value of our consolidated operations to its net asset carrying amount, including cost in excess of net assets acquired and trademarks. If the fair value of Centerplate exceeds the carrying amount, then it is determined that cost in excess of net assets acquired is not impaired. If the carrying amount were to exceed the fair value, then we would need to perform the second step in the impairment test to determine the amount of the cost in excess of net assets acquired. Fair value for these tests is determined based upon a discounted cash flow model, using a rate based on our incremental borrowing rate. We base our estimates of cash flows in part on past operating performance, as well as our expectations of future operating conditions, including anticipated labor and other cost increases and prevailing market conditions. We cannot make assurances that our estimates will be achieved. Different conditions from those anticipated, if significantly negative or unfavorable, could have a material adverse effect on our evaluation and on our financial condition or future results of operations. In performing the annual trademark assessment, management compares the fair value of the intangible asset to its carrying value. Fair value is determined based on a discounted cash flow model, using a rate based on our incremental borrowing rate. If the carrying amount of the intangible asset exceeds its fair value, an impairment loss will be recognized for the excess amount. If the fair value is greater than the carrying amount, no further assessment is performed. We performed our annual assessments of cost in excess of net assets acquired and trademarks on April 3, 2007 and determined that no impairment existed. Additionally, no factors were noted since April 3, 2007 that would cause us to re-evaluate this assessment.

- *Insurance.* We have a high-deductible insurance program for general liability, auto liability and workers' compensation risk. We are required to estimate and accrue for the amount of losses that we expect to incur. These amounts are recorded in cost of sales and selling, general and administrative expenses on the statement of operations and accrued liabilities and long-term liabilities on the balance sheet. Our estimates consider a number of factors, including historical experience and an actuarial assessment of the liabilities for reported claims and claims incurred but not reported. We discount our estimated liabilities to their present value based on expected loss patterns determined by experience. While we use outside parties to assist us in making these estimates, we cannot provide assurance that the actual amounts will not be materially different than what we have recorded. In addition we are self-insured for employee medical benefits and related liabilities. Our liabilities are based on historical trends and claims filed and are estimated for claims incurred but not reported. While the liabilities represent management's best estimate, actual results could differ significantly from those estimates.

- *Accounting Treatment for IDSs, Common Stock Owned by Initial Equity Investors and Derivative Financial Instruments* — Our IDSs include common stock and subordinated notes, the latter of which have three embedded derivative features. The embedded derivative features include a call option, a change of control put option, and a term-extending option on the notes. The call option allows us to repay the principal amount of the subordinated notes after the fifth anniversary of the issuance, provided that we also pay all of the interest that would have been paid during the initial 10-year term of the notes, discounted to the date of repayment at a risk-free rate. Under the change of control put option, the holders have the right to cause us to repay the subordinated notes at 101% of face value upon a change of control, as defined in the indenture. The term-extending option allows us to unilaterally extend the term of the subordinated notes for two five-year periods at the end of the initial 10-year period provided that we are in compliance with the requirements of the indenture. We have accounted for these embedded derivatives in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted. Based on SFAS No. 133, as amended and interpreted, the call option and the change of control put option are required to be separately valued. As of January 1, 2008 and January 2, 2007, the fair value of these embedded derivatives was determined to be insignificant. The term extending option was determined to be inseparable from the underlying subordinated notes. Accordingly, it will not be separately accounted for in the current or future periods.

  In December 2007, we issued additional IDSs pursuant to the amended and restated stockholders agreement we entered into on December 10, 2003 with those investors who owned our stock prior to our IPO (the "initial equity investors") in connection with our IPO. The amended and restated stockholders agreement provided that upon any post-offering sale of common stock by the initial equity investors, at the option of the initial equity investors, we would exchange a portion of our common stock for subordinated notes at an exchange rate of $9.30 principal amount of subordinated notes for each share of common stock (so that, after such exchange, the initial equity investors would have shares of common stock and subordinated notes in the appropriate proportions to represent integral numbers of IDSs). In order to determine the number of shares of common stock that the initial equity investors could convert into subordinated notes, we divided the exchange rate of $9.30 by the original issue price of the IDSs of $15.00 at December 4, 2003 (the quotient equals 0.62). This quotient was then multiplied by the total number of shares owned by the initial equity investors (4,060,997 shares) to determine the number of IDSs that the initial equity investors would own after conversion (2,517,817 IDSs, each comprised of one share of stock and a subordinated note). The number of shares owned by the initial equity investors before conversion (4,060,997) was subtracted from the number of shares they would own after conversion (2,517,817) to determine the number of shares of common stock to be converted into subordinated notes (1,543,180 shares) at the exchange rate of $9.30 per share, resulting in approximately $14.4 million described further below.

Prior to December 2007, the portion of the initial equity investors' common stock exchangeable for subordinated notes as calculated above was classified on the consolidated balance sheet according to the guidance provided by Accounting Series Release No. 268 (FRR Section 211), *Redeemable Preferred Stocks*. Accordingly, at January 2, 2007, we had recorded approximately $14.4 million as "Common stock with conversion option exchangeable for subordinated debt" on the balance sheet. In December 2007, we completed the sale of the initial equity investors' interests. The issuance of additional IDSs resulted in the exchange of common stock for the newly issued subordinated notes. Accordingly, the $14.4 million in "Common stock with conversion option exchangeable for subordinated debt" was reclassified to long-term debt on our balance sheet. Interest on the subordinated notes will be payable at 13.5% per annum, resulting in additional interest expense of approximately $1.9 million annually.

In addition, we had determined that the option conveyed to the initial equity investors to exchange common stock for subordinated notes in order to form IDSs was an embedded derivative in accordance with Paragraph 12 of SFAS No. 133. We had recorded a liability for the fair value of this embedded derivative of approximately $1.3 million as of January 2, 2007. As a result of the exercise of this option and the issuance of the additional subordinated notes in December 2007, the derivative no longer exists, and, accordingly, the carrying value of the derivative was eliminated and recorded as an adjustment of interest expense in the accompanying consolidated statement of operations for the year ended January 1, 2008.

The common stock held by the initial equity investors was treated as a separate class of common stock for presentation of earnings per share. Although the common stock held by the initial equity investors was part of the same class of stock as the common stock included in the IDSs for purposes of Delaware corporate law, the right to convert that was granted in the amended and restated stockholders agreement as described above caused the stock held by the initial equity investors to have features of a separate class of stock for accounting purposes. For each of the three years in the period ended January 1, 2008, earnings per share for common stock with and without conversion rights were equal and therefore no separate presentation has been required. As of January 1, 2008, there were no shares of common stock with conversion option outstanding.

Income Taxes — Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities and the future benefits of net operating loss carryforwards and tax credits. A valuation allowance is established for deferred tax assets when it is more likely than not that the benefits of such assets will not be realized.

In accordance with SFAS No. 109, deferred tax assets are recognized to the extent realization of these assets is determined to be more likely than not. At January 1, 2008, we had recorded a valuation allowance of $350,000 related to certain tax credits for which realization was not considered more likely than not. No valuation allowance was recorded at January 2, 2007.

Our ability to realize the net deferred tax asset recorded at January 1, 2008 depends on our ability to generate sufficient taxable income within the carryforward periods provided for in the tax law for each applicable tax jurisdiction. The establishment of a valuation allowance is based on our consideration of all available evidence, both positive and negative, concerning the expectation of future realization, including, among other things: historical operating results; forecasts of future operations; the duration of statutory carryforward periods; our experience with tax attributes expiring unused; and tax planning alternatives. In making such judgments, greater weight is given to evidence that can be objectively verified.

We perform ongoing evaluations of the valuation allowance recorded and the need for adjustments based on current facts and conditions. Changes in our assessment of the expected realization of deferred tax assets, based on the evaluation criteria required by SFAS 109, could result in changes to the valuation allowance in future periods. Such changes would be recognized as adjustments to income tax expense in the period in which the change occurs.

We have accounted for the issuance of IDS units in December 2003 and December 2007 as representing shares of common stock and subordinated notes by allocating the proceeds from each IDS unit to the underlying stock or subordinated note based upon the relative fair values of each. Accordingly, the portion of the aggregate IDS units outstanding that represents subordinated notes has been accounted for us as long-term debt bearing a stated interest rate of 13.5% and maturing on December 10, 2013.

The determination as to whether an instrument is treated as debt or equity for income tax purposes is based on the facts and circumstances. There is no clear statutory definition of debt and its characterization is governed by principles developed in case law, which analyzes numerous factors that are intended to identify the economic substance of the investor's interest in the corporation. We believe that the subordinated notes issued in 2003 and 2007 should be treated as debt for U.S. federal income tax purposes. However, no ruling on this issue has been requested from any federal or state tax authority, and there is no authority that directly addresses the tax treatment of securities with terms substantially similar to the subordinated notes or offered as a unit consisting of subordinated notes and common stock. In light of this absence of direct authority, there can be no assurance that the subordinated notes will be treated as debt for income tax purposes. If the subordinated notes were treated as equity rather than as debt for income tax purposes, the stated interest on the subordinated notes would be treated as a distribution with respect to stock and would not be deductible for income tax purposes.

Additionally, there can be no assurance that a taxing authority will not challenge the determination that the interest rate on the subordinated notes represents an arm's length rate. If such a challenge were successful, any excess amount over arm's length would not be deductible and could be recharacterized as a dividend payment instead of an interest payment for income tax purposes.

In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), an interpretation of the Statement No. 109, *Accounting for Income Taxes.* FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. Under FIN 48, tax benefits of an uncertain tax position may only be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. The tax benefit recognized is then measured at the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on matters related to derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

We adopted the provisions of FIN 48 on January 3, 2007 and, upon adoption, recognized a charge of approximately $579,000 to the January 3, 2007 balance of retained earnings. Our continuing practice is to recognize interest and penalties related to uncertain tax positions as a component of the income tax provision (benefit) in the consolidated statement of operations.

Seasonality and Quarterly Results

Our net sales and operating results have varied, and are expected to continue to vary, from quarter to quarter (a quarter is comprised of thirteen or fourteen weeks), as a result of factors which include:

- Seasonality and variations in scheduling of sporting and other events;
- Unpredictability in the number, timing and type of new contracts;
- Timing of contract expirations and special events; and
- Level of attendance at the facilities which we serve.

Business at the principal types of facilities we serve is seasonal in nature. MLB and minor league baseball related sales are concentrated in the second and third quarters, the majority of NFL related activity occurs in the fourth quarter and convention centers and arenas generally host fewer events during the summer months. Results of operations for any particular quarter may not be indicative of results of operations for future periods.

In addition, our need for capital varies significantly from quarter to quarter based on the timing of contract renewals and the contract bidding process.

Set forth below are comparative net sales by quarter for fiscal 2007, 2006 and 2005, as well as operating income (loss) and net income (loss), on an actual and per share basis (in thousands, except per share data):

	2007				
	Net Sales	Operating Income (Loss)	Basic and Diluted Operating Income (Loss) per Share	Net Income (Loss)	Basic and Diluted Income (Loss) per Share with and without Conversion Option
1st Quarter	$125,333	$(5,507)	$(0.24)	$(8,048)	$(0.36)
2nd Quarter	$200,839	$ 9,684	$ 0.43	$ 2,240	$ 0.10
3rd Quarter	$246,141	$17,010	$ 0.76	$ 5,996	$ 0.27
4th Quarter	$168,373	$ 1,971	$ 0.09	$(2,066)	$(0.09)

	2006				
	Net Sales	Operating Income (Loss)	Basic and Diluted Operating Income (Loss) per Share	Net Income (Loss)	Basic and Diluted Income (Loss) per Share with and without Conversion Option
1st Quarter	$113,505	$(3,989)	$(0.18)	$(5,598)	$(0.25)
2nd Quarter	$190,699	$12,038	$ 0.53	$ (66)	$ 0.00
3rd Quarter	$218,929	$16,130	$ 0.72	$12,269	$ 0.54
4th Quarter	$157,929	$ 1,739	$ 0.08	$(3,127)	$(0.14)

Results of Operations

Fiscal 2007 Compared to Fiscal 2006

Net sales — Net sales of $740.7 million for fiscal 2007 increased $59.6 million, or approximately 8.7%, from $681.1 million in the prior year period. The increase was primarily due to higher sales at our MLB, convention center, NFL and minor league baseball facilities of $21.5 million, $13.1 million, $11.9 million and $10.1 million, respectively. The increase in MLB sales was primarily a result of increased attendance and per capita spending at a number of our facilities and the All-Star game which took place at AT&T Park in July. Sales at convention centers increased due to the number and size of events in the current year period. Sales in our NFL accounts are higher primarily due to the re-opening of the Louisiana Superdome and New Orleans Arena which were closed for renovations until September 2006, and higher per capita spending in a number of our NFL facilities. Sales at minor league baseball facilities increased primarily due to the addition of five new ball parks. Sales at all other facilities increased $3.0 million. In addition, new accounts contributed $19.0 million, partially offset by the termination of some of, or our decision not to renew, our contracts which accounted for a decline in sales of $11.2 million.

Cost of sales — Cost of sales of $604.8 million for fiscal 2007 increased approximately $50.0 million from $554.8 million in the prior year period due primarily to the higher sales volume. As a percentage of net sales, cost of sales increased by approximately 0.3% from fiscal 2006. The increase was the result of higher product costs at our sports and convention center facilities driven by increased commodity prices. The increase was partially offset by lower labor costs, predominantly at our MLB facilities attributable in part to the higher sales volume, and lower (as a percentage of sales) commission and royalty costs due to a shift in the sales mix.

Selling, general and administrative expenses — Selling, general and administrative expenses were $79.6 million in fiscal 2007 as compared to $70.5 million in the prior year period, an increase of approximately $9.1 million. As a percentage of net sales, selling, general and administrative costs increased approximately 0.4% from fiscal 2006. The increase was primarily driven by higher operating expenses at certain of our facilities, including an increase in credit card processing fees due to a higher concentration of credit card sales and higher facility maintenance and repair costs. Fiscal 2007 was also impacted by higher legal and other overhead costs associated with efforts to retool the company for long-term growth and a unmatched insurance recovery in the prior period related to Hurricane Katrina.

Depreciation and amortization — Depreciation and amortization was $31.4 million for fiscal 2007, compared to $28.9 million in the prior year period. The increase was principally attributable to depreciation and amortization related to capital expenditures associated with account renewals, notably at our NFL facilities and convention centers, and investments in newly acquired contracts.

Transaction related expenses — $1.7 million in expenses were incurred in fiscal 2007 in connection with the follow-on offering to our 2003 initial public offering (see Note 10, Demand for Registration, in our Notes to the Consolidated Financial Statements).

Contract Related Losses — In the prior year period, a non-cash charge of $0.4 million was taken for the write-off of certain assets associated with a terminated contract.

Interest expense — Interest expense was $28.5 million in fiscal 2007, compared to $24.4 million in the prior year period. The increase was primarily attributable to higher interest of $1.7 million associated with higher outstanding revolver borrowings under our credit facility in fiscal 2007 to finance capital expenditures and working capital requirements, and an increase in interest rates associated with our term loan. In addition, fiscal 2007 reflects a $0.9 million non-cash credit as compared to a credit of $3.4 million in the prior year period as a result of adjustments to the fair market value of our derivatives, which resulted in a $2.4 million increase in interest expense.

Other income — Other income consisting primarily of interest income was $1.8 million in fiscal 2007 as compared to $1.7 million in the prior year period. The increase was principally attributable to interest generated from higher cash balances, including restricted cash.

Income taxes — Income taxes for the years ended January 2, 2007 and January 1, 2008 were calculated in accordance with SFAS No. 109, *Accounting for Income Taxes*. For the fiscal year ending January 1, 2008, the effective tax rate was approximately -46%. In the prior year period, the effective rate was approximately -7%. The fluctuation in the projected effective annual tax rate is primarily due to the sensitivity of the ratio involving expected ordinary income and permanent items. For the current year, the change in the effective tax rate is primarily related to the amount of the federal credits in relation to the nominal year end loss.

Fiscal 2006 Compared to Fiscal 2005

Net sales — Net sales of $681.1 million for fiscal 2006 increased $38.0 million, or approximately 5.9%, from $643.1 million in the prior year period. The increase was primarily due to higher sales at our convention centers, MLB facilities, and arenas of $15.3 million, $13.6 million, and $9.2 million, respectively. The improvement at the convention centers was mainly the result of an increase in the number of events held at these facilities. At our MLB facilities, an overall increase in attendance and per capita spending resulted in higher net sales, while our arenas were positively impacted by the resolution of the NHL lock-out and college basketball tournaments held at a number of our facilities. Net sales at all other facilities increased $6.0 million, primarily driven by increases of $4.8 million at our NFL venues. Partially offsetting the improvement was a decline in sales of $6.1 million associated with the termination of some of our contracts (net of new accounts).

Cost of sales (excluding depreciation and amortization) — Cost of sales of $554.8 million for fiscal 2006 increased approximately $35.4 million from $519.4 million in fiscal 2005 due in part to the higher sales volume. As a percentage of net sales, cost of sales increased by approximately 0.6% from the prior year period mainly as a result of an increase in the commissions and royalties paid to our clients. The increase was primarily attributable to commissions associated with certain new contracts and a shift in the sales mix reflecting a higher concentration of sales in our profit sharing accounts, where higher commissions are typically paid. The increase was partially offset by improved margins for both product and payroll costs, most notably at our convention centers as a result of achieved savings associated with the higher sales volume.

Selling, general and administrative expenses — Selling, general and administrative expenses were $70.5 million in fiscal 2006, as compared to $71.4 million in the prior year period, a decline of approximately $0.9 million. As a percentage of net sales, selling, general and administrative costs declined approximately 0.7% from the prior year period. The percentage improvement was due in part to non-recurring reserve adjustments ($1.5 million) recorded in fiscal 2005. In addition, lower overhead costs ($0.6 million) and insurance proceeds ($0.7 million) related to Hurricane Katrina contributed to the improvement. The remaining decrease was primarily the result of a decline in other operating expenses due to efficiencies achieved at certain facilities.

Depreciation and amortization — Depreciation and amortization was $28.9 million for fiscal 2006 as compared to $29.3 million in fiscal 2005. Depreciation and amortization reflects a reduction in the step-up depreciation related to the assets acquired in the 1998 acquisition of Service America Corporation partially offset by additional depreciation and amortization attributable to investments made in contract acquisitions and renewals.

Transaction related expenses — Transaction related expenses of $0.7 million in fiscal 2006 and $1.0 million in fiscal 2005 reflected costs associated with a contemplated follow-on offering to the 2003 IPO.

Contract related losses — In both fiscal 2006 and fiscal 2005, a $0.4 million non-cash charge was taken for the write-off of impaired assets associated with certain contracts.

Operating income — Operating income in fiscal 2006 increased approximately $4.2 million from fiscal 2005 due to the factors described above.

Interest expense — Interest expense of $24.4 million for fiscal 2006 decreased by $6.9 million from $31.3 million in fiscal 2005. The decline is principally attributable to $5.8 million in non-recurring expenses incurred in fiscal 2005 related to entering into our credit agreement on April 1, 2005. The $5.8 million included a prepayment premium of approximately $4.6 million on the prior credit facility and a $1.2 million non-cash charge for the write-off of deferred financing costs. In addition, fiscal 2006 reflected a non-cash credit of $3.3 million related to the change in the fair value of our derivatives as compared to a charge of $0.04 million in fiscal 2005. Offsetting these declines was a $2.2 million increase in interest, primarily related to higher interest expense for the term loan and revolver availability under the current credit agreement.

Other income — Other income consists principally of interest income. Other income was $1.7 million in fiscal 2006 as compared to $1.2 million in fiscal 2005. The increase was principally attributable to higher cash balances in fiscal 2006 period due primarily to our credit agreement entered into in April, 2005.

Income taxes — Income taxes for fiscal 2005 and fiscal 2006 are accounted for in accordance with SFAS No. 109 "*Accounting for Income Taxes*". For fiscal 2006, the effective tax rate was approximately -7% as compared to approximately -46% in fiscal 2005. Our effective tax rate depends in part on our book income, permanent tax adjustments, and tax credits. The decrease in our effective tax rate is primarily due to the non-cash interest charge related to our derivatives, which is a permanent adjustment.

Liquidity and Capital Resources

Net cash provided by operating activities was $21.7 million for fiscal 2007, compared to $39.4 million in the prior year period. The decrease was primarily due to fluctuations in working capital, which varies from quarter to quarter as a result of the timing and number of events at the facilities we serve. Fiscal 2007 reflects higher accounts receivable and inventories driven by increased sales and new accounts that came on-line in the fourth quarter of 2007.

Net cash used in investing activities was $25.0 million for fiscal 2007, as compared to $38.8 million in the prior year period. In fiscal 2007, $37.1 million in investments were made in contract rights and property and equipment at client facilities, a $9.3 million increase from $27.8 million in fiscal 2006. The increase is due to a higher level of investment in newly acquired contracts. Offsetting this increase in capital investments was the use of restricted cash set aside in fiscal 2006 to fund $11.9 million of the 2007 capital expenditures.

Net cash used in financing activities was $2.9 million in fiscal 2007 as compared to $2.4 million in the prior year period. In fiscal 2007 and 2006, net revolver borrowings were $14.5 million and $15.0 million, respectively. In fiscal 2007, $0.8 million in proceeds representing five months of interest on the Company's subordinated notes were received from the follow-on offering of IDSs and set aside as restricted cash.

We are also often required to obtain performance bonds, bid bonds or letters of credit to secure our contractual obligations. As of January 1, 2008, we had requirements outstanding for performance bonds and letters of credit of $18.4 million and $22.7 million, respectively. Under the credit facility, we have an aggregate of $35.0 million available for letters of credit, subject to an overall borrowing limit of $107.5 million. As of January 1, 2008, we had approximately $55.3 million available to be borrowed under the revolving portion of the credit facility. At that date, there were $29.5 million in outstanding borrowings and $22.7 million of outstanding, undrawn letters of credit reducing availability.

Future Liquidity and Capital Resources

Our capital expenditures can be categorized into two types: maintenance and growth. Maintenance capital expenditures are associated with securing renewals of our existing contracts and maintaining those contracts following renewal. Growth capital expenditures are those made in connection with securing new contracts and maintaining those contracts during their initial term. In both cases, particularly for sports facilities, capital expenditures are often required in the form of contract acquisition fees or up-front or committed future capital investment to help finance facility construction or renovation. This expenditure typically takes the form of investment in leasehold improvements and food service equipment and grants to owners or operators of facilities. The amount of capital commitment required by us at any time can vary significantly. The ability to make those expenditures is often an essential element of a successful bid on a new contract or renewal of an existing contract. We provide our historical maintenance and growth capital expenditures for each of the five fiscal years ended January 1, 2008 in Item 6 "Selected Financial Data." We believe that the identification and separation of maintenance and growth capital expenditures are important factors in evaluating our business results.

At the end of the contract term, all capital investments that we have made typically remain the property of the client, but our contracts generally provide that the client must reimburse us for any undepreciated or unamortized capital investments made or fees paid pursuant to the terms of the contract if the contract is terminated early, other than due to our default.

Commission and management fee rates vary significantly among contracts based primarily upon the amount of capital that we invest, the type of facility involved, the term of the contract and the services provided by us. In general, within each client category, the level of capital investment and commission are related, so that the greater the capital investment that we make, the lower the commission we pay to the client. Our profit sharing contracts generally provide that we are reimbursed each year for the amortization of our capital investments prior to determining profits under the contract. Contracts may be renewed at significantly different commission rates, and therefore EBITDA from a renewed contract may differ significantly from the prior contract, depending on the financial terms agreed to at the time of renewal.

In fiscal 2007, we made capital investments of $37.1 million. We are currently contractually committed to fund aggregate capital investments of approximately $20.8 million and $3.8 million in 2008 and 2009, respectively. In fiscal 2008, contracts representing 19.4% of our 2007 net sales, or $144.0 million, are up for renewal and, as a result, we expect to spend $20.0 million to $25.0 million in maintenance capital expenditures, including rollover expenditures associated with 2007 commitments. As a result of the anticipated capital expenditures, our borrowings may increase in 2008. In addition, we are anticipating growth capital expenditures in the range of $10.0 million to $15.0 million.

We have historically financed our capital expenditures and other commitments with a combination of cash from operating activities and borrowings under the revolving line of credit of the credit facility and expect to continue to do so in 2008. As described below, we are currently seeking an amendment of certain provisions of the credit facility relating to the payment of dividends.

Sports teams and municipalities continue to spearhead efforts to develop new large stadiums. In order to bid successfully on these projects, however, we need to be able to commit to making relatively large capital expenditures. For these and other projects, we will also need to demonstrate our ability to provide competitive product and service offerings. We intend to address this through the further enhancement of our strategic initiatives, including culinary excellence and design, as well as through the continued development of our branded product and speed of service initiatives, all designed to help differentiate us in our market. This in turn will require investment in these initiatives and in the management infrastructure that are designed to help us to manage our business more efficiently.

The following table shows our net sales for fiscal 2007 which aggregate $740.7 million (excluding contracts terminated in 2007), as allocated according to the expiration year of our contracts:

Contracts Expiring in:				
2008	2009	2010 (In millions)	2011	2012 and After
$144.0*	$106.6	$92.6	$12.0	$380.1

* (includes the New York Yankees)

Subordinated Notes Issued in 2003 and 2007

During December 2003, in connection with our IPO, we issued $105,245,000 in aggregate principal amount of 13.50% subordinated notes as part of the IDSs. The subordinated notes mature on December 10, 2013 and are subject to extension by two successive five-year terms at Centerplate's option provided that certain financial conditions are met. Interest on the subordinated notes is payable on the 20th day of each month (or the immediately preceding business day). The subordinated notes are unsecured, are subordinated to all of Centerplate's existing and future senior indebtedness, and rank equally with all of Centerplate's existing and future non-senior indebtedness. Furthermore, the debt is guaranteed by all of the wholly-owned subsidiaries of Centerplate. Under the indenture governing our subordinated notes, we may pay dividends on our common stock for any fiscal quarter in an amount up to one quarter of 85% of "excess cash" for the 12 months ended at the end of the last fiscal quarter. Excess cash is defined as Adjusted EBITDA minus the sum of cash interest expense and income tax expense. Notwithstanding the foregoing, we may not pay dividends during any period in which we have unpaid deferred interest on the subordinated notes or if a default or event of default under the indenture has occurred and is continuing or would be caused by such payment of dividends.

In December 2007, we issued an additional $14,351,563 in aggregate principal amount of 13.50% subordinated notes as part of the IDSs sold in the secondary offering. See Note 10, Demand for Registration, in the Notes to our Consolidated Financial Statements. Except for the issuance date, the terms of the additional subordinated notes are identical to the subordinated notes issued in December 2003.

Credit Agreement

The ability to make capital investments in our clients' facilities is critical to our success in bidding on and retaining customer contracts. Our credit facility gives us the flexibility to make capital commitments without some of the constraints that our seasonal variations in cash flow would otherwise impose. Because of seasonal variations in our cash flow and the unpredictable timing of our capital investments, we also borrow from time to time on a revolving basis to fund operations.

Our credit facility with GE Capital is comprised of a \$107.5 million term loan and a \$107.5 million revolving credit facility. Both facilities bear interest at a floating rate equal to a margin over a defined prime rate of 1.25% for the term loan and 1.5% for the revolving credit facility or a percentage over the London Interbank Borrowing Rate ("LIBOR") of 3.25% for the term loan and 3.5% for the revolving credit facility. The applicable margins for the revolving credit facility are subject to adjustment (from 1.0% to 1.75% for loans based on a defined prime rate and from 3.0% to 3.75% for LIBOR loans based on our total leverage ratio). The revolving portion of the credit facility has a \$35 million letter of credit sub-limit and a \$10 million swing loan sub-limit.

The credit agreement contains various financial covenants and other requirements affecting the payment of interest on our subordinated notes and dividends on common stock. The term loan facility matures on October 1, 2010, subject to quarterly amortization payments. The availability of funding under the revolving credit facility also depends on the satisfaction of various financial and other conditions, including restrictions in the indenture governing our subordinated notes. The revolving credit facility will mature on April 1, 2010 and is subject to an annual thirty-day pay down requirement, exclusive of letters of credit and certain specified levels of permitted acquisition and service contract related revolving credit advances. The term loan and the revolving credit facility are secured by substantially all of our assets and rank senior to our subordinated notes. The credit agreement contains customary events of default.

Under the credit agreement, we may not pay dividends if we fail to meet the following ratios:

- an interest coverage ratio (Adjusted EBITDA (as defined in the credit facility) to cash interest expense for the last 12 months) at least equal to 2.00 to 1.00;
- a maximum total leverage ratio (net debt as of the date of determination to Adjusted EBITDA (as defined in the credit facility) for the 12 months ending on such date) of 4.65 to 1.00; and
- a maximum senior leverage ratio (net senior debt as of the date of determination to Adjusted EBITDA (as defined in the credit facility) for the 12 months ending on such date) of 2.15 to 1.00.

We must also maintain cash in our cash collateral account in an amount equal to at least 5 months of interest on our subordinated notes plus \$2.5 million. As of January 1, 2008, we were in compliance with each of the applicable ratios and held at least the required minimum amount of cash in our cash collateral account. In addition, we may not pay dividends if a default or event of default under the credit agreement is in effect or otherwise would be caused by such payment.

The credit agreement also requires us to defer monthly payments of interest on our subordinated notes (subject to certain limitations) if we fail to have an interest coverage ratio of at least 1.90:1.00, a maximum total leverage ratio of 4.95:1.00 or a maximum senior leverage ratio of 2.30:1.00 as calculated above as of any monthly date of determination.

In March 2008, we obtained a waiver and amendment of certain provisions of the credit agreement temporarily affecting the calculation of the senior leverage ratio that must be achieved in order to pay dividends. The waiver was necessitated in part by an unexpected decline in cash flow from operations, driven primarily by a decrease in revenues generated at our convention centers that we began to experience in January 2008, as well as a more stringent senior leverage ratio requirement for the payment of dividends under the credit agreement in 2008 (going from 2.25:1.00 in 2007 to 2.15:1.00 in 2008). We are currently seeking a permanent amendment to the credit agreement to enable us to meet the ratio requirements for the payment of dividends and give us the necessary flexibility to address business needs that may arise from time to time with respect to cash flow and capital expenditures due to variations in when events occur or accounts come on line. For additional information concerning the ratio requirements for the payment of dividends and interest on our subordinated notes, see Item 1A, "Risk Factors — We would be required to suspend dividend and interest payments if we are unable to satisfy certain financial ratios under our credit facility, which would reduce our yield on the IDSs and would be likely to cause the market value of the IDSs to decline." No assurance can be given as to whether we can obtain this amendment and whether it will be adequate to enable us to pay dividends in the future.

If we are unable to obtain this amendment, we will need to suspend dividend payments beginning in April 2008 until we can meet the ratio requirements for the payment of dividends under our credit facility. In addition, if our Adjusted EBITDA continues to be lower than anticipated, we might need to defer interest on the subordinated notes.

Under the original terms of the financing, we agreed to pay to GE Capital usual and customary administrative fees of $100,000 annually. In addition, we agreed to indemnify GE Capital and its affiliates against certain liabilities and expenses incurred by them in connection with the loan agreement and certain related matters.

An affiliate of GE Capital was one of our initial equity investors and held approximately 6.5% of our common shares prior to the completion of our secondary offering in December 2007. In addition, an affiliate of Blackstone, which controlled our other initial equity investors, holds $8 million in principal amount of the term loan.

Other Relationships

In December 2007, we completed the exchange of $14.4 million in subordinated notes for 1,543,179 shares of common stock previously held by our initial equity investors. This exchange was made in connection with the secondary registration and sale of 2,517,818 IDSs that were comprised of such $14.4 million in subordinated notes plus the remaining shares of common stock held by the initial equity investors. As a result, our initial equity investors no longer own any interest in our common stock or IDSs.

As noted above, GE Capital is the administrative agent and a lender under our senior credit facility and was the managing member of an initial equity investor that owned 6.5% of our common stock prior to the completion of our secondary offering. Affiliates of Blackstone, which is also a lender under our senior credit facility, held the remaining 11.5% of the common stock held by the initial equity investors prior to completion of the secondary offering. Pursuant to our agreements with the initial equity investors that were entered into prior to our IPO, we were required to pay expenses in connection with the offering that amounted to $1.7 million in fiscal 2007.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition.

Contractual Obligations

We have future obligations for debt repayments, capital commitments under customer contracts and future minimum rental and similar commitments under non-cancelable operating leases. These obligations as of January 1, 2008 are summarized below:

	Payments Due by Period (In millions)				
	Total	Less Than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
Long-term borrowings	$253.9	$30.6	$103.7	$119.6	$ —
Interest for fixed rate debt	95.9	16.1	48.5	31.3	—
Interest for variable rate debt(1)	26.9	11.4	15.5	—	—
Insurance	14.2	4.8	5.0	2.2	2.2
Operating leases	3.0	—	2.5	0.5	—
Commissions and Royalties	61.6	10.6	24.7	11.1	15.2
Capital commitments(2)	25.0	20.8	4.2	—	—
Other long-term liabilities	1.2	—	0.3	—	0.9
Total Contractual	$481.7	$94.3	$204.4	$164.7	$18.3

(1) Interest for variable rate debt based on forward-looking interest rates as disclosed in Item 7A.

(2) Represents capital commitments in connection with several long-term concession contracts.

In addition, we have contingent obligations related to outstanding letters of credit. These contingent obligations as of January 1, 2008 are summarized below:

	Payments Due by Period				
Other Commercial Commitments	Total	Less Than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
Letters of credit	22.7	22.7	—	—	—

New Accounting Standards

New Accounting Standards — In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), *Fair Value Measurements*. In addition to defining fair value, SFAS 157 provides a framework for the measurement of fair value and expands disclosure requirements about fair value measurements. SFAS 157 will be effective for us for financial assets and financial liabilities in fiscal 2008 and for nonfinancial assets and nonfinancial liabilities beginning in fiscal 2009. We are currently evaluating this statement.

In February 2007, the FASB issued No. SFAS 159 ("SFAS 159"), *Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115*, which permits entities to elect fair value measurement when an eligible financial asset or financial liability is initially recognized or when an event, such as a business combination, triggers a new basis of accounting for that financial asset or financial liability. The election must be applied to individual contracts, is irrevocable for every contract chosen to be measured at fair value, and must be applied to an entire contract, not to only specified risks, specific cash flows, or portions of that contract. Changes in the fair value of contracts elected to be measured at fair value are recognized in earnings each reporting period. The provisions of SFAS 159 will be effective for us in fiscal 2008. We are currently evaluating this statement

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations*, which will significantly change the accounting for business combinations. SFAS No. 141R is effective for us for business combinations beginning in fiscal 2009. We are currently evaluating this statement.

Cautionary Statement Regarding Forward-Looking Statements

Some of the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this Annual Report on Form 10-K may include forward-looking statements which reflect our current views with respect to future events and financial performance. Statements which include the words "expect," "intend," "plan," "believe," "project," "anticipate" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements or that could adversely affect the holders of our IDSs, subordinated notes and common stock. Some of these factors are discussed under "Risk Factors" in this Annual Report in Form 10-K.

Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Interest rate risk — We are exposed to interest rate volatility with regard to our revolving credit facility borrowings and term loan. As of January 1, 2008 we had outstanding revolver borrowings of $29.5 million and a $104.8 million balance on our term loan. A change in interest rate of one percent on these borrowings as of January 1, 2008 would cause a change in the annual expense of $1.3 million. In order to minimize our exposure to interest rate risk, we have entered into an interest rate swap agreement for a notional amount of $100 million. The agreement is based on three months LIBOR and contains a collar feature with an interest rate floor of 4.82% and cap of 6.0%. As of January 1, 2008, a $0.4 million non-cash charge was recorded to our consolidated statement of operations to record changes in the fair value of this derivative. As of January 1, 2008, there is no market or quotable price for our subordinated notes or term loans; however, the fair value is estimated at par. The table presents principal cash flows and related interest rates for long-term debt as of January 1, 2008.

	2008	2009	2010	2011	2012	Thereafter	Total
				(In millions)			
Fixed rate debt:							
Represented by IDSs	—	—	—	—	—	$119.6	$119.6
Average interest rate	—	—	—	—	—	13.5%	—
Variable rate debt:							
Revolving loans	$29.5	—	—	—	—	—	$ 29.5
Average interest rate	8.75%	—	—	—	—	—	—
Term loans	$ 1.1	$ 1.1	$102.7	—	—	—	$104.8
Average interest rate	8.43%	8.43%	8.43%	—	—	—	—

As of January 1, 2008, we had fixed rate long-term debt of $119.6 million in subordinated notes represented by the IDSs, and variable rate term loans and outstanding revolver borrowings of $104.8 million and $29.5 million, respectively.

Market risk — Prior to the completion of the follow-on offering of IDSs in December 2007, changing market conditions that influenced stock prices impacted the value of our liability for derivatives. For the year ended January 1, 2008, a $1.3 million non-cash credit was recorded to our consolidated statement of operations, to record changes in the fair value of this derivative, which was fully exercised upon the IDS issuance.

As of January 1, 2008, there were no material changes, except as discussed above, in the quantitative and qualitative disclosures about market risk from the information presented in our Annual Report on Form 10-K for the year ended January 2, 2007.

Item 8. ***Financial Statements and Supplementary Data***

CENTERPLATE, INC. AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Centerplate, Inc.
Stamford, Connecticut

We have audited the accompanying consolidated balance sheets of Centerplate, Inc. and subsidiaries (the "Company") as of January 2, 2007 and January 1, 2008, and the related consolidated statements of operations, stockholders' equity (deficiency) and comprehensive income (loss), and cash flows for each of the three years in the period ended January 1, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Centerplate, Inc. and subsidiaries as of January 2, 2007 and January 1, 2008, and the results of their operations and their cash flows for each of the three years in the period ended January 1, 2008, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Company changed its method of accounting for uncertain tax positions to conform to the provisions of FASB Interpretation No. 48, *Accounting for Uncertainly in Income Taxes, an interpretation of FASB Statement No. 109*, effective January 3, 2007.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of January 1, 2008, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 17, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
March 17, 2008

CENTERPLATE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JANUARY 2, 2007 AND JANUARY 1, 2008

	January 2, 2007	January 1, 2008
	(In thousands, except share data)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 39,591	$ 33,853
Restricted cash	13,080	1,146
Accounts receivable, less allowance for doubtful accounts of $1,013 and $993 at January 2, 2007 and January 1, 2008, respectively	23,172	29,539
Inventories	19,347	23,300
Prepaid expenses and other	3,865	3,475
Deferred tax assets	3,139	4,204
Total current assets	102,194	95,517
PROPERTY AND EQUIPMENT:		
Leasehold improvements	41,770	41,968
Merchandising equipment	71,043	84,727
Vehicles and other equipment	17,350	18,116
Construction in process	1,708	1,895
Total	131,871	146,706
Less accumulated depreciation and amortization	(81,187)	(94,720)
Property and equipment, net	50,684	51,986
OTHER LONG-TERM ASSETS:		
Contract rights, net	79,209	85,183
Restricted cash	9,041	10,307
Cost in excess of net assets acquired	41,142	41,142
Deferred financing costs, net	12,930	10,361
Trademarks	17,523	17,523
Deferred tax assets	14,612	15,867
Other	5,035	4,465
Total other long-term assets	179,492	184,848
TOTAL ASSETS	$332,370	$332,351

See notes to consolidated financial statements.

CENTERPLATE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

	January 2, 2007	January 1, 2008
	(In thousands, except share data)	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 1,075	$ 1,075
Short-term borrowings	15,000	29,500
Accounts payable	21,710	24,367
Accrued salaries and vacations	15,437	15,704
Liability for insurance	4,975	4,847
Accrued taxes, including income taxes	5,307	5,220
Accrued commissions and royalties	23,458	24,608
Liability for derivatives	1,251	311
Accrued interest	1,020	1,037
Accrued dividends	1,487	1,385
Advance deposits	3,662	3,436
Other	4,318	3,502
Total current liabilities	98,700	114,992
LONG-TERM LIABILITIES:		
Long-term debt	209,789	223,334
Liability for insurance	7,744	9,370
Other liabilities	535	2,189
Total long-term liabilities	218,068	234,893
COMMITMENTS AND CONTINGENCIES		
COMMON STOCK WITH CONVERSION OPTION, PAR VALUE $0.01, EXCHANGEABLE FOR SUBORDINATED DEBT, NET OF DISCOUNT	14,352	—
STOCKHOLDERS' EQUITY (DEFICIENCY):		
Common stock, $0.01 par value — 100,000,000 shares authorized:		
18,463,995 shares without conversion option issued and outstanding at January 2, 2007; 39,995,147 shares without conversion option issued — 20,981,813 shares outstanding at January 1, 2008	185	400
21,531,152 shares with conversion option issued — 4,060,997 shares outstanding at January 2, 2007; 0 shares with conversion option issued and outstanding at January 1, 2008		
None outstanding at January 1, 2008	215	—
Additional paid-in capital	218,331	218,331
Accumulated deficit	(97,282)	(117,375)
Accumulated other comprehensive income	741	2,050
Treasury stock — at cost (17,470,153 shares at January 2, 2007 and 19,013,332 shares at January 1, 2008)	(120,940)	(120,940)
Total stockholders' equity (deficiency)	1,250	(17,534)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	$ 332,370	$ 332,351

See notes to consolidated financial statements.

CENTERPLATE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED JANUARY 3, 2006, JANUARY 2, 2007, AND JANUARY 1, 2008

	January 3, 2006	January 2, 2007	January 1, 2008
	(In thousands, except per share data)		
Net sales	$ 643,112	$ 681,120	$ 740,686
Cost of sales (excluding depreciation and amortization)	519,395	554,752	604,785
Selling, general and administrative	71,405	70,538	79,640
Depreciation and amortization	29,255	28,854	31,443
Transaction related expenses	1,006	700	1,660
Contract related losses	369	358	—
Operating income	21,682	25,918	23,158
Interest expense	31,274	24,360	28,505
Other income	(1,151)	(1,690)	(1,841)
Income (loss) before income taxes	(8,441)	3,248	(3,506)
Income tax benefit	(3,853)	(230)	(1,628)
Net income (loss)	$ (4,588)	$ 3,478	$ (1,878)
Basic and Diluted Net Income (Loss) per share with and without conversion option	$ (0.20)	$ 0.15	$ (0.08)
Weighted average shares outstanding with conversion option	4,060,997	4,060,997	3,759,769
Weighted average shares outstanding without conversion option	18,463,995	18,463,995	18,650,756
Total weighted average shares outstanding	22,524,992	22,524,992	22,410,525
Dividends declared per share	$ 0.79	$ 0.79	$ 0.79

See notes to consolidated financial statements.

CENTERPLATE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY) AND COMPREHENSIVE INCOME (LOSS) YEARS ENDED JANUARY 3, 2006, JANUARY 2, 2007 AND JANUARY 1, 2008

	Common Shares without Conversion Option	Common Stock without Conversion Option	Common Shares with Conversion Option	Common Stock with Conversion Option	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total
				(In thousands, except share data)					
Balance, December 28, 2004	18,463,995	$185	21,531,152	$ 215	$218,331	$ (60,492)	$ 575	$(120,940)	$ 37,874
Foreign currency translation	—	—	—	—	—	—	157	—	157
Dividends declared	—	—	—	—	—	(17,840)	—	—	(17,840)
Net loss	—	—	—	—	—	(4,588)	—	—	(4,588)
Balance, January 3, 2006	18,463,995	$185	21,531,152	$ 215	$218,331	$ (82,920)	$ 732	$(120,940)	$ 15,603
Foreign currency translation	—	—	—	—	—	—	9	—	9
Dividends declared	—	—	—	—	—	(17,840)	—	—	(17,840)
Net income	—	—	—	—	—	3,478	—	—	3,478
Balance, January 2, 2007	18,463,995	$185	21,531,152	$ 215	$218,331	$ (97,282)	$ 741	$(120,940)	$ 1,250
Exercise of conversion option	21,531,152	215	(21,531,152)	(215)	—	—	—	—	—
Foreign currency translation	—	—	—	—	—	—	1,309	—	1,309
Dividends declared	—	—	—	—	—	(17,636)	—	—	(17,636)
Fin 48 transition amount	—	—	—	—	—	(579)	—	—	(579)
Net loss	—	—	—	—	—	(1,878)	—	—	(1,878)
Balance, January 1, 2008	39,995,147	$400	—	—	$218,331	$(117,375)	$2,050	$(120,940)	$(17,534)

	January 3, 2006	January 2, 2007	January 1, 2008
Net income (loss)	$(4,588)	$3,478	$(1,878)
Other comprehensive income — foreign currency translation adjustment	157	9	1,309
Comprehensive income (loss)	$(4,431)	$3,487	$ (569)

See notes to consolidated financial statements.

CENTERPLATE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JANUARY 3, 2006, JANUARY 2, 2007, AND JANUARY 1, 2008

	Years Ended		
	January 3, 2006	January 2, 2007	January 1, 2008
		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (4,588)	$ 3,478	$ (1,878)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	29,255	28,854	31,443
Amortization of deferred financing costs	3,474	2,569	2,569
Charge for impaired assets	1,375	358	—
Change in fair value of derivatives	(40)	(3,364)	(940)
Interest earned on restricted cash	(196)	(425)	(459)
Deferred tax benefit	(3,547)	(707)	(2,320)
Loss (gain) on disposition of assets	15	22	(34)
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(1,149)	279	(6,367)
Inventories	(303)	(2,495)	(3,953)
Prepaid expenses	174	(724)	390
Other assets	(423)	(2,420)	(59)
Increase (decrease) in liabilities:			
Accounts payable	1,045	2,830	(641)
Accrued salaries and vacations	2,026	2,174	267
Liability for insurance	1,105	156	1,498
Accrued commissions and royalties	1,410	5,471	1,532
Other liabilities	(1,382)	3,291	(37)
Non-cash effect of foreign currency translation on assets and liabilities	157	9	697
Net cash provided by operating activities	28,408	39,356	21,708
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(14,712)	(13,752)	(15,390)
Proceeds from sale of property and equipment	338	250	134
Contract rights acquired	(10,363)	(14,014)	(21,690)
Return of unamortized capital investment	—	1,828	—
(Increase) decrease in restricted cash	—	(13,080)	11,934
Net cash used in investing activities	(24,737)	(38,768)	(25,012)

See notes to consolidated financial statements

CENTERPLATE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JANUARY 3, 2006, JANUARY 2, 2007 AND JANUARY 1, 2008

	Years Ended		
	January 3, 2006	January 2, 2007	January 1, 2008
		(In thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments — revolving loans	$ (44,250)	$(10,000)	$(74,500)
Borrowings — revolving loans	44,250	25,000	85,000
Net borrowings — swingline loans	—	—	4,000
Principal payments on long-term debt	(806)	(1,075)	(806)
Proceeds from issuance of long-term debt	107,500	—	—
Retirement of existing long-term borrowings	(65,000)	—	—
Payments of financing costs	(7,266)		
Restricted cash proceeds from IDS issuance	—	—	(807)
Increase (decrease) in bank overdrafts	(3,626)	1,508	1,928
Dividend payments	(17,840)	(17,840)	(17,738)
Net cash provided by (used in) financing activities	12,962	(2,407)	(2,923)
EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH	—	—	489
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,633	(1,819)	(5,738)
CASH AND CASH EQUIVALENTS:			
Beginning of year	24,777	41,410	39,591
End of year	$ 41,410	$ 39,591	$ 33,853
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 27,563	$ 25,123	$ 28,488
Income taxes paid	$ 31	$ 402	$ 739
SUPPLEMENTAL NON CASH FLOW INVESTING AND FINANCING ACTIVITIES:			
Capital investment commitments accrued	$ 200	$ 2,742	$ 2,259
Dividends declared and unpaid	$ 1,487	$ 1,487	$ 1,385

See notes to consolidated financial statements.

1. GENERAL

Centerplate, Inc. ("Centerplate" and together with its subsidiaries, the "Company") is a holding company, the principal assets of which are the capital stock of its subsidiaries, Volume Services America, Inc. ("Volume Services America"). Volume Services America is also a holding company, the principal assets of which are the capital stock of its subsidiaries, Volume Services, Inc. ("Volume Services") and Service America Corporation ("Service America").

The Company is in the business of providing specified concession services, including catering and novelty merchandise items at stadiums, sports arenas, convention centers and other entertainment facilities at various locations in the United States and Canada. At January 1, 2008, the Company had 131 contracts to provide these services which were generally obtained through competitive bids. In most instances, the Company has the right to provide these services in a particular location for a period of several years, with the duration of time often a function of the required investment in facilities or other financial considerations. The contracts vary in length generally from 1 to 20 years. Certain of the contracts contain renewal clauses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation — The consolidated financial statements include the accounts of Centerplate and its wholly owned subsidiaries, Volume Services America, Volume Services and Service America. All significant intercompany transactions have been eliminated.

Fiscal Year — The Company has adopted a 52-53 week period ending on the Tuesday closest to December 31 as its fiscal year. The 2006 and 2007 fiscal years consisted of 52 weeks. The 2005 fiscal year consisted of 53 weeks.

Cash and Cash Equivalents — The Company considers highly liquid cash investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash — At January 2, 2007 and January 1, 2008 restricted cash, under the terms of the Company's credit agreement, included approximately $9,041,000 and $10,307,000, respectively, representing five months of interest on the Company's subordinated notes, plus $2,500,000 and interest earned. Such funds are restricted from the Company's use until borrowings under the Company's credit agreement have been repaid (see Note 4). In addition, at January 2, 2007 and January 1, 2008, the Company had $13,080,000 and $1,146,000, respectively, in restricted cash recorded in current assets representing cash restricted for capital commitments under client contracts, including interest earned of approximately $80,000 at January 2, 2007.

Revenue Recognition — The Company typically enters into one of three types of contracts: 1) profit and loss contracts, 2) profit sharing contracts, and 3) management fee contracts. Under profit and loss and profit-sharing contracts, revenue from food and beverage concessions and catering contract food services is recognized as net sales when the services are provided. Management fee contracts provide the Company with a fixed fee or a fixed fee plus an incentive fee and the Company bears no profit or loss risk. Fees received for management fee contracts are included in net sales when earned.

Inventories — Inventories consist of food, beverage, and merchandise inventories valued at the lower of cost or market, determined on the first-in, first-out basis.

Depreciation — Property and equipment is stated at cost and is depreciated on the straight-line method over the lesser of the estimated useful life of the asset or the term of the contract at the site where such property and equipment is located. Following are the estimated useful lives of the property and equipment:

- Leasehold improvements — 10 years — limited by the lease term or contract term, if applicable
- Merchandising equipment — 5 to 10 years — limited by the contract term, if applicable
- Vehicles and other equipment — 2 to 10 years — limited by the contract term, if applicable

Contract Rights — Contract rights, net of accumulated amortization, consist primarily of certain direct incremental costs incurred by the Company in obtaining or renewing contracts with clients and the fair value of contract rights acquired in the acquisitions of Volume Services in 1995 and Service America in 1998. These costs are amortized over the term of the respective contract, including optional renewal periods where the option to renew rests solely with the Company and management intends to exercise that option. Accumulated amortization was approximately $68,578,000 at January 2, 2007 and $58,121,000 at January 1, 2008. Amortization expense for fiscal 2008 through 2012 is estimated to be approximately $17,613,000, $12,472,000, $11,251,000, $7,355,000, and $6,733,000, respectively.

Cost in Excess of Net Assets Acquired and Trademarks — In accordance with Statement of Financial Accounting Standards ("SFAS") *Goodwill and Other Intangible Assets* No. 142 ("SFAS No. 142"), cost in excess of net assets acquired and trademarks are not subject to amortization, rather they are subject to at least an annual assessment for impairment by applying a fair value based test. The Company completed the impairment tests required by SFAS No. 142 on April 4, 2006 and April 3, 2007 and determined no impairment existed. There have been no events since April 3, 2007 that would require the Company to reassess the carrying value of these assets.

Deferred Financing Costs — Deferred financing costs are being amortized as interest expense over the life of the respective debt using the effective interest method. The Company incurred approximately $12,837,000 in deferred financing cost associated with the Income Deposit Securities ("IDSs") issuance and 2003 credit facility in fiscal 2003. On April 1, 2005, the Company entered into a new Credit Agreement. Accordingly in fiscal 2005, approximately $1.2 million of deferred financing costs from the 2003 credit facility were written-off and approximately $7.3 million of deferred financing costs associated with the new credit agreement were recorded. At January 2, 2007 and January 1, 2008, accumulated amortization of the deferred financing costs was approximately $6,041,000 and $8,609,000, respectively.

Impairment of Long-Lived Assets and Contract Rights — In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the Company reviews long-lived assets and contract rights for impairment whenever events or changes in circumstances indicate that the book value of the asset group may not be recoverable. Accordingly, the Company estimates the future undiscounted cash flows expected to result from the use of the asset group and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset group, an impairment loss is recognized. Measurement of an impairment loss for long-lived assets such as property and contract rights is based on the estimated fair value of the asset determined by future discounted net cash flows.

Accounting Treatment for IDSs, Common Stock Owned by Initial Equity Investors and Derivative Financial Instruments — The Company's Income Deposit Securities ("IDSs") include common stock and subordinated notes, the latter of which has three embedded derivative features. The embedded derivative features include a call option, a change of control put option, and a term-extending option on the notes. The call option allows the Company to repay the principal amount of the subordinated notes after the fifth anniversary of the issuance, provided that the Company also pays all of the interest that would have been paid during the initial 10-year term of the notes, discounted to the date of repayment at a risk-free rate. Under the change of control put option, the holders have the right to cause the Company to repay the subordinated notes at 101% of face value upon a change of control, as defined in the subordinated note agreement. The term-extending option allows the Company to unilaterally extend the term of the subordinated notes for two five-year periods at the end of the initial 10-year period provided that it is in compliance with the requirements of the indenture. The Company has accounted for these embedded derivatives in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted. Based on SFAS No. 133, as amended and interpreted, the call option and the change of control put option are required to be separately valued. As of January 1, 2008 and January 2, 2007, the fair value of these embedded derivatives was determined to be insignificant. The term extending option was determined to be inseparable from the underlying subordinated notes. Accordingly, it will not be separately accounted for in the current or future periods.

In December 2007, the Company issued additional IDSs pursuant to the Amended Stockholders Agreement entered into by the Company on December 10, 2003 with the those investors who held stock prior to the IPO ("Initial Equity Investors") in connection with the Initial Public Offering ("IPO"). The Amended Stockholders Agreement provided that upon any post-offering sale of common stock by the Initial Equity Investors, at the option of the Initial Equity Investors, the Company will exchange a portion of its common stock for subordinated notes at an exchange rate of $9.30 principal amount of subordinated notes for each share of common stock (so that, after such exchange, the Initial Equity Investors would have shares of common stock and subordinated notes in the appropriate proportions to represent integral numbers of IDSs). In order to determine the number of shares of common stock that the Initial Equity Investors could convert into subordinated debt, the Company divided the exchange rate of $9.30 by the original issue price of the IDSs of $15.00 at December 4, 2003 (the quotient equals 0.62). This quotient was then multiplied by the total number of shares owned by the Initial Equity Investors (4,060,997 shares) to determine the number of IDSs that the Initial Equity Investors would own after conversion (2,517,817 IDSs, each comprised of one share of stock and a subordinated note). The number of shares owned by the Initial Equity Investors before conversion (4,060,997) was subtracted from the number of shares they would own after conversion (2,517,817) to determine the number of shares of common stock to be converted into subordinated debt (1,543,180 shares) at the exchange rate of $9.30 per share, resulting in approximately $14.4 million described further below.

Prior to December 2007, the portion of the Initial Equity Investor's common stock exchangeable for subordinated debt as calculated above was classified on the consolidated balance sheet according to the guidance provided by Accounting Series Release No. 268 (FRR Section 211), *Redeemable Preferred Stocks.* Accordingly, at January 2, 2007, the Company had recorded approximately $14.4 million as "Common stock with conversion option exchangeable for subordinated debt" on the balance sheet. In December 2007, the Company completed the sale of the Initial Equity Investors interests. The issuance of additional IDSs resulted in the exchange of common stock for the newly issued subordinated notes. Accordingly, the $14.4 million in "Common stock with conversion option exchangeable for subordinated debt" was reclassified to long-term debt on the Company's balance sheet.

In addition, the Company had determined that the option conveyed to the Initial Equity Investors to exchange common stock for subordinated debt in order to form IDSs was an embedded derivative in accordance with Paragraph 12 of SFAS No. 133. The Company had recorded a liability for the fair value of this embedded derivative of approximately $1.3 million as of January 2, 2007. As a result of the exercise of this option and issuance of the additional subordinated notes in December 2007, the derivative no longer exists and, accordingly, the carrying value of the derivative was eliminated and recorded as an adjustment of interest expense in the accompanying consolidated statement of operations for the year ended January 1, 2008.

In order to minimize our exposure to interest rate risk, the Company has an interest rate swap agreement for a notional amount of $100 million. The agreement is based on three months LIBOR and contains a collar feature with an interest rate floor of 4.82% and cap of 6%. The Company has recorded a liability for the fair value of this derivative of approximately $0.3 million at January 1, 2008.

The common stock held by the Initial Equity Investors was treated as a separate class of common stock for presentation of earnings per share. Although the common stock held by the Initial Equity Investors is part of the same class of stock as the common stock included in the IDSs for purposes of Delaware corporate law, the right to convert that was granted in the Company's Amended and Restated Stockholders Agreement as described above caused the stock held by the Initial Equity Investors to have features of a separate class of stock for accounting purposes. For each of the three years in the period ended January 1, 2008, earnings per share for common stock with and without conversion rights were equal and therefore no separate presentation has been required. As of January 1, 2008, there were no shares of common stock with conversion option outstanding.

Insurance — The Company has a high deductible insurance program for general liability, auto liability, and workers' compensation risk and self-insures its employee health plans. Management establishes a reserve for the high deductible and self-insurance liabilities considering a number of factors, including historical experience and an actuarial assessment of the liabilities for reported claims and claims incurred but not reported. The estimated liabilities for these programs, except for employee health insurance, are then discounted using rates of 4.75 percent at January 2, 2007 and 3.34 percent at January 1, 2008, to their present value based on expected loss payment patterns determined by experience. The total discounted high deductible liabilities recorded by the Company at January 2, 2007 and January 1, 2008 were $11,100,000 and $13,204,000, respectively. The related undiscounted amounts were $12,718,000, and $14,488,000, respectively.

The employee health self-insurance liability is based on claims filed and estimates for claims incurred but not reported. The total liability recorded by the Company at January 2, 2007 and January 1, 2008 was $1,432,000 and $760,000, respectively.

Cash Overdrafts — The Company has included in accounts payable on the accompanying consolidated balance sheets cash overdrafts totaling approximately $8,412,000 and $10,341,000 at January 2, 2007 and January 1, 2008, respectively.

Dividends — The dividend policy established by the Company's board of directors is to pay a monthly dividend of $0.066 per share on the common stock, subject to applicable law, the terms of the Company's credit facility, the indenture governing the Company's subordinated notes and any other outstanding indebtedness, and the board of directors' assessment of the Company's cash needs. This determination is made on a monthly basis. The Company has paid monthly dividends since January 2004, and at January 2, 2007 and January 1, 2008 accrued but unpaid dividends of $1,487,000 and $1,385,000, respectively, were recorded as liabilities on the accompanying consolidated balance sheets

Future dividend payments are within the absolute discretion of the board of directors and will depend on a number of factors, including but not limited to the Company's results of operations, its cash requirements, financial condition, contractual restrictions, business opportunities, level of contract renewals, provisions of applicable law and other factors that the board of directors may deem relevant. Additionally, as discussed in Note 4, the Company's ability to pay dividends is subject to restrictions under the terms of the Company's indebtedness.

Net Income (Loss) per share — The common stock held by the Initial Equity Investors has been treated as a separate class of common stock for presentation of earnings per share. Basic and diluted earnings per share with and without the conversion option is calculated by dividing net income (loss) by the weighted average common shares outstanding during the period.

Foreign Currency — The balance sheet and results of operations of the Company's Canadian operations are measured using the local currency as the functional currency. Assets and liabilities have been translated into United States dollars at the rates of exchange at the balance sheet date. Revenues and expenses are translated into United States dollars at the average rate during the period.

Gains and losses arising on foreign currency transactions are recorded in operations as incurred. Translation gains and losses arising from the use of differing exchange rates from year to year are included in other comprehensive income (loss).

Transaction Related Expenses — Transaction related expenses in fiscal year 2005, 2006 and 2007 consist of fees and expenses associated with the follow-on secondary offering of IDSs (see Note 10).

Interest — Interest expense includes interest related to the Company's term loans and revolver borrowings and changes in the fair value of the Company's derivatives. In fiscal 2005, 2006 and 2007 interest expense includes non-cash credits of $0.4 million, $3.4 million, and $0.9 million, respectively, related to changes in the fair value of the Company's derivatives. In addition, interest expense for fiscal 2005 includes $5.8 million in expenses related to entering into the Company's credit agreement on April 1, 2005. The $5.8 million includes a prepayment premium of approximately $4.6 million on the prior credit facility and a $1.2 million non-cash charge for the write-off of deferred financing costs.

Income Taxes — Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities and the future benefits of net operating loss carryforwards and tax credits. A valuation allowance is established for deferred tax assets when it is more likely than not that the benefits of such assets will not be realized.

In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48") an interpretation of the Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. Under FIN 48, tax benefits of an uncertain tax position may only be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. The tax benefit recognized is then measured at the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on matters related to derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company adopted the provisions of FIN 48 on January 3, 2007 and, upon adoption, recognized a charge of approximately $579,000 to the January 3, 2007 balance of retained earnings. The Company's continuing practice is to recognize interest and penalties related to uncertain tax positions as a component of the income tax provision (benefit) in the consolidated statement of operations.

Segment Reporting — The combined operations of the Company, consisting of contracts to provide concession services, including catering and novelty merchandise items at stadiums, sports arenas, convention centers and other entertainment facilities, comprise one reportable segment.

Reclassifications — Certain amounts in 2005 have been reclassified, where applicable, to conform to the financial statement presentation used in 2006 and 2007. In the Consolidated Statements of Cash Flows borrowings and repayments under the Company's revolving credit facility, formerly presented on a net basis, are now shown in their gross amounts. This reclassification had no impact on total cash flows from financing activities.

New Accounting Standards — In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), *Fair Value Measurements*. In addition to defining fair value, SFAS 157 provides a framework for the measurement of fair value and expands disclosure requirements about fair value measurements. SFAS 157 will be effective for the Company for financial assets and financial liabilities in fiscal 2008 and for nonfinancial assets and nonfinancial liabilities beginning in fiscal 2009. The Company is currently evaluating the impact of SFAS 157 on its financial statements.

In February 2007, the FASB issued No. SFAS 159 ("SFAS 159"), *Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* ("SFAS 159"), which permits entities to elect fair-value measurement when an eligible financial asset or financial liability is initially recognized or when an event, such as a business combination, triggers a new basis of accounting for that financial asset or financial liability. The election must be applied to individual contracts, is irrevocable for every contract chosen to be measured at fair value, and must be applied to an entire contract, not to only specified risks, specific cash flows, or portions of that contract. Changes in the fair value of contracts elected to be measured at fair value are recognized in earnings each reporting period. The provisions of SFAS 159 will be effective for the Company in fiscal 2008. The Company is currently evaluating the impact of SFAS No. 159 on its financial statements.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations*, which will significantly change the accounting for business combinations. SFAS No. 141R is effective for the Company for business combinations beginning in fiscal 2009. The Company is currently evaluating this statement.

3. SIGNIFICANT RISKS AND UNCERTAINTIES

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's most significant financial statement estimates include the estimate of the recoverability of contract rights and related assets, potential litigation claims and settlements, the liability for high deductible and self-insured claims, the valuation allowance for deferred tax assets and the allowance for doubtful accounts. Actual results could differ from those estimates.

Concentration Risks — Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash equivalents, short-term investments and accounts receivable. The Company places its cash equivalents and short-term investments with high-credit qualified financial institutions and, by practice, limits the amount of credit exposure to any one financial institution.

The Company typically provides services pursuant to long-term contracts that grant it the exclusive right to provide certain food and beverage products and services and, under some contracts, other related services at the client's facility. The Company also has contracts to provide merchandise services at many facilities, including but not limited to, many of the facilities where we provide food and beverage services. As of January 1, 2008, the Company's contracts had an overall average remaining term, weighted by net sales generated by each contract, of approximately 5.1 years before scheduled expiration. The Company has generally been successful in renegotiating contracts prior to their expiration; however, there can be no assurance that any contract will continue beyond its scheduled expiration.

For fiscal 2007, the Company's largest client, the New York Yankees, accounted for approximately 9.6% of the Company's net sales; the Company's three largest clients together accounted for approximately 20.4% of 2007 net sales; and the Company's 10 largest clients together accounted for approximately 40.3% of 2007 net sales.

Some of the Company's sports facility contracts do not contain any protection in the event that the sports team tenant of the facility moves to a new facility. Changes in the ownership of a facility that the Company serves, or of a sports team tenant of the facility, may make renewal of a contract less likely and may result in disputes concerning the terms under which we provide our services at the facility. The loss of any of the Company's largest clients could have a significant adverse effect on the Company's ability to meet the financial ratio requirements under its credit facility (see Note 4).

The Company's contract with the New York Yankees grants it the right to provide services at the New York Yankees' existing baseball stadium and is currently scheduled to expire on December 31, 2008. Although the contract provides the Company with an option to extend the term through 2009, the option is not available if the team is playing their home games in a newly-constructed stadium in 2009. In August 2006, the New York Yankees broke ground on a new stadium that is reported to be on schedule for opening in April 2009.

The following table shows fiscal 2007 net sales, excluding sales from contracts terminated in 2007, according to the year of expiration of the underlying contracts (in millions):

2008(1)	$144.0
2009	106.6
2010	92.6
2011	12.0
2012 and thereafter	380.1
Total	$735.3

(1) Includes NY Yankees

Concentrations of credit risk with respect to accounts receivable are limited due to many customers comprising the Company's customer base and their dispersion across different geographic areas. For the fiscal years ended January 3, 2006, January 2, 2007 and January 1, 2008, the Company had one contract that accounted for approximately 9.8%, 9.6% and 9.6% of net sales, respectively.

4. DEBT

Long-term debt consists of the following:

	2006	2007
	(In thousands)	
Term Loans — Credit Agreement	$105,619	$104,813
Subordinated notes	105,245	119,596
	210,864	224,409
Less — current portion of long-term debt	1,075	1,075
Total long-term debt	$209,789	$223,334

Credit Agreement — On April 1, 2005, the Company entered into a credit agreement pursuant to which General Electric Capital Corporation ("GE Capital") agreed to provide up to $215 million of senior secured financing. The financing is comprised of a $107.5 million term loan and a $107.5 million revolving credit facility (the "Credit Agreement"). The Credit Agreement bears interest at a floating rate equal to a margin over a defined prime rate of 1.25% for the term loan and 1.5% for the revolving credit facility or a percentage over the London Interbank Borrowing Rate ("LIBOR") of 3.25% for the term loan and 3.5% for the revolving credit facility. The applicable margins for the revolving credit facility are subject to adjustment from 1.0% to 1.75% for loans based on a defined prime rate and from 3.0% to 3.75% for LIBOR loans based on our total leverage ratio. The proceeds of the term loan were used to repay the prior $65 million term loan, outstanding revolving loans of $23.25 million, as well as interest, related fees and expenses, including a prepayment premium of approximately $4.6 million on the term loan facility. The revolving portion of the Credit Agreement has a $35 million letter of credit sub-limit and a $10 million swing line loan sub-limit. At January 1, 2008, approximately $22,746,000 of letters of credit were outstanding but undrawn and the Company had $29,500,000 in short-term revolving loans outstanding.

The term loan matures in October 2010 and requires quarterly principal payments of $269,000. The availability of funding under the revolving credit facility depends on the satisfaction of various financial and other conditions, including restrictions in the indenture governing the subordinated notes. The revolving credit facility matures in April 2010 and is subject to an annual thirty-day pay down requirement, exclusive of letters of credit and certain specified levels of permitted acquisition and service contract-related revolving credit advances. Borrowings under the Credit Agreement are secured by substantially all of the Company's assets and rank senior to the subordinated notes. The Credit Agreement contains customary events of default.

The agreements governing the Company's indebtedness impose significant operating and financial restrictions on the Company. These restrictions prohibit or limit, among other things,

- the incurrence of additional indebtedness
- the issuance of preferred stock and certain redeemable common stock;
- the payment of dividends;
- the purchase or redemption of the Company's outstanding common stock;
- specified sales of assets

The terms of the Credit Agreement include other, more restrictive, covenants and prohibit the Company from prepaying other indebtedness, including the subordinated notes, while indebtedness under the Credit Agreement is outstanding. The Credit Agreement also requires the Company to maintain specified financial ratios and satisfy certain financial condition tests, including a maximum net leverage ratio, a minimum interest coverage ratio and a maximum net senior leverage ratio.

The ability to comply with these covenants may be affected by events beyond the Company's control, including prevailing economic, financial and industry conditions. A breach of any of these covenants could result in a default under the Credit Agreement and/or the indenture governing the subordinated notes. Upon the occurrence of an event of default under the Credit Agreement, the lenders could elect to declare all amounts outstanding, together with accrued interest, to be immediately due and payable. If the Company was unable to repay those amounts, the lenders could proceed against the security granted to them to secure that indebtedness. If the lenders were to accelerate the payment of the indebtedness, the Company's assets may not be sufficient to repay in full the indebtedness under the credit facility and indenture.

The Credit Agreement also contains significant restrictions on our ability to pay interest on the subordinated notes and dividends on shares of the Company's common stock. These restrictions are based, among other things, on the ability to meet separate but similar financial tests as those described above. The ability to meet these financial tests could be affected by the loss of significant contracts, the failure to generate new business, unexpected liabilities, increased expenses, increased interest costs due to additional revolver borrowings or higher interest rates on the credit facility, general economic conditions, or other events affecting the Company's operations. In the event the Company is unable to satisfy the required ratios for any monthly test in the future, the Company would be required to suspend the payment of dividends and possibly defer current installments of interest on the subordinated notes absent obtaining a waiver from the senior lenders.

In March 2008, the Company obtained a waiver and amendment of certain provisions of the Credit Agreement temporarily affecting the calculation of the senior leverage ratio that must be achieved in order to pay dividends. The waiver and amendment was necessitated in part by an unexpected decline in cash flow from operations, driven primarily by a decrease in revenues generated at the Company's convention center contracts that the Company began to experience in January 2008, as well as a more stringent senior leverage ratio requirement for the payment of dividends under the Credit Agreement effective in January 2008. The Company is currently seeking a permanent amendment to the Credit Agreement to enable it to meet the ratio requirements for the payment of dividends and to give the Company the necessary flexibility to address business needs that may arise from time to time with respect to cash flow and capital expenditures due to variations in when events occur or accounts come on line. No assurance can be given as to whether the Company can obtain this amendment or whether it will be adequate to enable the Company to pay dividends in the future. In addition, if the Company's operating results are adversely impacted, it may have to defer interest on the subordinated notes if it is unable to meet the required ratios under the Credit Agreement.

If the Company is unable to obtain this amendment, it will need to suspend dividend payments beginning in April 2008 until it can meet the ratio requirements for the payment of dividends under the Credit Agreement.

The Company must also maintain cash in an amount equal to at least 5 months of interest on the subordinated notes, plus $2.5 million, that is restricted from use.

Aggregate annual maturities of long-term debt at January 1, 2008 are as follows (in thousands):

2008	$ 1,075
2009	1,075
2010	102,663
2011	—
2012	—
Thereafter	119,596
Total	$224,409

Subordinated Notes — The Company has issued $119,596,000 in 13.5% subordinated notes. In December 2003, in connection with the IPO, the Company issued subordinated notes in the amount of $105,245,000 and in a secondary offering in December 2007, the Company issued an additional $14,352,000 in subordinated notes. The notes mature on December 10, 2013 and are subject to extension by two successive five year terms at the Company's option provided that certain financial conditions are met. Interest on the notes accrues at 13.5% per annum and is payable on the twentieth day of each month. Interest on the additional subordinated notes began in December 2007 and will result in additional interest expense of approximately $1,937,500 annually. The subordinated notes are unsecured and are subordinated to borrowings under the Company's Credit Agreement and rank equally with all of the other debt of Volume Services America. Furthermore, the debts are jointly and severally guaranteed by all of the subsidiaries of Centerplate, except for certain non-100% owned U.S. subsidiaries and one non-U.S. subsidiary.

5. INCOME TAXES

The components of the benefit for income taxes on income (loss) are as follows (in thousands):

	January 3, 2006	January 2, 2007	January 1, 2008
		(In thousands)	
Federal current provision (benefit)	$ (42)	$ 118	$ (122)
State current provision (benefit)	(213)	(10)	322
Deferred benefit	(3,546)	(401)	(2,320)
Foreign provision	(52)	63	492
Total benefit for income taxes	$(3,853)	$(230)	$(1,628)

A reconciliation of the provision for income taxes on continuing operations to the federal statutory rate follows:

	Fiscal Year Ended		
	January 3, 2006	January 2, 2007	January 1, 2008
Statutory rate	(34)%	34%	(34)%
Differences:			
State and local income taxes, net of Federal benefit	(6)	3	(2)
Nondeductible expenses (meals and entertainment, etc.)	1	17	19
Non-cash interest (income) expense	—	(35)	(9)
Federal tax credits	(4)	(23)	(29)
Change in valuation allowance	—	—	10
Change in statutory tax rates	(4)	8	—
Adjustment to non-U.S. deferred taxes	—	(8)	(1)
Other	1	(3)	—
Total benefit for income taxes	(46)%	(7)%	(46)%

Significant components of the Company's deferred tax assets and liabilities as of January 2, 2007 and January 1, 2008 are as follows:

	2006	2007
	(In thousands)	
Deferred tax liabilities :		
Intangibles (goodwill, contract rights and trademarks)	$ (7,151)	$ (8,063)
Other	(905)	(805)
	(8,056)	(8,868)
Deferred tax assets :		
Differences between book and tax basis of property	182	383
Bad debt reserves	354	279
Inventory reserves	170	209
Insurance reserves	4,903	5,413
Other reserves and accrued liabilities	1,237	1,171
General business and AMT credit carryforwards	9,170	9,467
Accrued compensation and vacation	1,380	2,535
Net operating loss carryforwards	8,411	9,633
Other	—	199
	25,807	29,289
Valuation allowance	—	(350)
	25,807	28,939
Net deferred tax asset	$17,751	$20,071
Net deferred tax asset is recognized as follows in the accompanying 2006 and 2007 consolidated balance sheets:		
Current deferred tax asset	$ 3,139	$ 4,204
Noncurrent deferred tax asset	14,612	15,867
Net deferred tax asset	$17,751	$20,071

At January 1, 2008, the Company has approximately 27,043,000 of federal net operating loss carryforwards which expire in various periods between 2011 and 2027. The Company's ability to utilize certain of these operating loss carryforwards is subject to an annual limitation as provided by Section 382 of the Internal Revenue Code of 1986, as amended. At January 1, 2008, the Company has approximately $9,467,000 of federal tax credit carryforwards which expire in various periods between 2009 and 2027.

At January 1, 2008, unremitted earnings of the Company's subsidiary in Canada are considered to be indefinitely reinvested. There are no current plans for repatriation of these earnings and no deferred tax liability has been recognized with regard to such earnings. It is not practicable to estimate the income tax liability that might be incurred if such earnings were remitted to the United States.

Valuation Allowance — In accordance with SFAS No. 109, deferred tax assets are recognized to the extent realization of these assets is determined to be more likely than not. At January 1, 2008, the Company has recorded a valuation allowance of $350,000 related to certain tax credits for which realization was not considered more likely than not. No valuation allowance was recorded at January 2, 2007.

The Company's ability to realize the net deferred tax asset recorded at January 1, 2008 depends on the Company's ability to generate sufficient taxable income within the carryforward periods provided for in the tax law for each applicable tax jurisdiction. The establishment of a valuation allowance is based on the Company's consideration of all available evidence, both positive and negative, concerning the expectation of future realization, and considers, among other things, historical operating results; forecasts of future operations; the duration of statutory carryforward periods; the Company's experience with tax attributes expiring unused; and tax planning alternatives. In making such judgments, greater weight is given to evidence that can be objectively verified.

The Company performs ongoing evaluations of the valuation allowance recorded and the need for adjustments based on current facts and conditions. Changes in the Company's assessment of the expected realization of deferred tax assets, based on the evaluation criteria required by SFAS 109, could result in changes to the valuation allowance in future periods. Such changes would be recognized as adjustments to income tax expense in the period in which the change occurs.

Unrecognized Tax Benefits — As of January 1, 2008, the Company had approximately $2.1 million of total gross unrecognized tax benefits. Of this total, approximately $0.9 million (net of the federal benefit of state taxes) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the annual effective tax rate in future periods.

A reconciliation of the beginning and ending amounts of total unrecognized tax benefits is as follows:

Balance at January 3, 2007	$ 2,104,455
Additions for tax positions related to the current year	1,222,271
Reductions for tax positions related to prior years	(1,195,119)
Balance at January 1, 2008	$ 2,131,607

The Company believes it is reasonably possible that the total amount of unrecognized tax benefits will decrease by as much as $96,000 within the 12 months ending December 30, 2008 as a result of the lapsing of the statute of limitations on tax returns containing certain uncertain tax positions related to intercompany charges.

The Company is subject to U.S. and Canadian income taxes, as well as income taxes from various other state and local jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2004, although carryforward attributes that were generated prior to 2004 may still be adjusted upon examination by the IRS if they either have been or will be used in a period after 2004.

Included in the consolidated statement of operations for the year ending January 1, 2008 is $50,133 related to interest and penalties associated with uncertain tax positions. At January 1, 2008, the Company has recorded a liability of approximately $276,000 for interest and penalties related to uncertain tax positions.

Tax Treatment of IDSs — The Company has accounted for the issuance of IDS units in December 2003 and December 2007 as representing shares of common stock and subordinated notes by allocating the proceeds from each IDS unit to the underlying stock or subordinated note based upon the relative fair values of each. Accordingly, the portion of the aggregate IDS units outstanding that represents subordinated notes has been accounted for by the Company as long-term debt bearing a stated interest rate of 13.5% and maturing on December 10, 2013.

The determination as to whether an instrument is treated as debt or equity for income tax purposes is based on the facts and circumstances. There is no clear statutory definition of debt and its characterization is governed by principles developed in case law, which analyzes numerous factors that are intended to identify the economic substance of the investor's interest in the corporation. The Company believes that the subordinated notes issued in 2003 and 2007 should be treated as debt for U.S. federal income tax purposes. However, no ruling on this issue has been requested from any federal or state tax authority, and there is no authority that directly addresses the tax treatment of securities with terms substantially similar to the subordinated notes or offered as a unit consisting of subordinated notes and common stock. In light of this absence of direct authority, there can be no assurance that the subordinated notes will be treated as debt for income tax purposes. If the subordinated notes were treated as equity rather than as debt for income tax purposes, the stated interest on the subordinated notes would be treated as a distribution with respect to stock and would not be deductible for income tax purposes.

Additionally, there can be no assurance that a taxing authority will not challenge the determination that the interest rate on the subordinated notes represents an arm's length rate. If such a challenge were successful, any excess amount over arm's length would not be deductible and could be recharacterized as a dividend payment instead of an interest payment for income tax purposes.

For the year ended January 1, 2008, the Company has deducted interest expense of approximately $14,322,000 related to the subordinated notes in determining taxable income for U.S. federal and state income tax purposes. If the notes were to be treated as equity for income tax purposes, the additional tax due to federal and state authorities for the year ended January 1, 2008 would be approximately $1,623,000, after consideration of the Company's ability to utilize its net operating losses and tax credits to offset a portion of the resulting tax liability. Since issuance of the IDS units in 2003 and 2007, the Company has deducted cumulative interest expense associated with the subordinated notes of approximately $57,886,000, which would result in cumulative additional tax due to the federal and state authorities of approximately $7,216,000, after consideration of the Company's ability to utilize its net operating losses and tax credits to offset a portion of the resulting tax liability, if the subordinated notes were to be treated as equity for income tax purposes since inception.

The Company believes the interest in the subordinated notes should be deductible for federal and state income taxes and, as such, has not recorded a liability for the potential disallowance of this deduction. Even if the a taxing authority does not challenge the tax treatment of the subordinated notes, however, it is possible that as a result of a change in the law relied upon at the time of issuance of the subordinated notes or a change in our understanding of the facts existing at the time of issuance, we will in the future need to establish a reserve for the disallowance of all or part of the interest deductions on the subordinated notes.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments and related underlying assumptions are as follows:

Long-Term Debt — The Company has issued subordinated notes in the amount of $119,596,000 bearing a fixed interest rate of 13.5%. As of January 1, 2008, there is no market or quotable price for the Company's subordinated notes. The term loan bears interest at a variable rate. The fair value of both the term loans and subordinated notes is estimated at par.

Fair value of Financial Instruments — Cash and cash equivalents, accounts receivable, and accounts payable are reflected in the balance sheets at carrying value, which approximates fair value due to the short-term nature of these instruments.

7. COMMITMENTS AND CONTINGENCIES

Leases and Client Contracts — The Company operates primarily at its clients' premises pursuant to written contracts. The length of a contract generally ranges from 1 to 20 years. Certain of these client contracts provide for payment by the Company to the client for both fixed and variable commissions and royalties. Aggregate commission and royalty expense under these agreements was $210,209,000, $229,349,000, and $247,185,000 for fiscal years 2005, 2006, and 2007, respectively. Minimum guaranteed commission and royalty expense was approximately $9,650,000, $9,107,000 and $9,543,000 for fiscal years 2005, 2006, and 2007, respectively.

The Company leases its corporate headquarters and certain offices and other equipment under varying lease terms which are noncancelable. In addition, the Company has numerous month-to-month leases. Rent expense was approximately $1,102,000, $1,089,000, and $1,260,000 in fiscal years 2005, 2006, and 2007, respectively.

Future minimum commitments for all operating leases and minimum commissions and royalties due under client contracts are as follows:

Year	Operating Leases	Commissions and Royalties
	(In thousands)	
2008	$1,095	$10,593
2009	813	9,514
2010	556	8,304
2011	259	6,904
2012	228	6,263
Thereafter	—	20,034
Total	$2,951	$61,612

In addition, pursuant to contracts with various clients, the Company is committed to spend approximately $20.8 million during 2008 and $3.8 million during 2009 for property and equipment and contract rights.

Employment Contracts — The Company has employment agreements and arrangements with its executive officers and certain management and other personnel. The agreements generally continue until terminated by the executive or the Company, and provide for severance payments under certain circumstances. The agreements generally include a covenant against competition with the Company, which extends for a period of time after termination for any reason. As of January 1, 2008, if all of the employees under contract were to be terminated by the Company without good cause (as defined) under these contracts, the Company's liability would be approximately $8.0 million.

Litigation — There are various claims and pending legal actions against or directly involving Centerplate and subsidiaries that are incidental to the conduct of our business. It is the opinion of management, after considering a number of factors, including but not limited to the current status of any pending proceeding (including any settlement discussions), the views of retained counsel, the nature of the litigation, prior experience and the amounts that have been accrued for known contingencies, that the ultimate disposition of any of these pending proceedings or contingencies will not have a material adverse effect on our financial condition or results of operations.

8. RELATED PARTY TRANSACTIONS

Prior to the completion of the secondary offering of IDSs on December 7, 2007, GE Capital was the managing member of the holder of approximately 6.5% of Centerplate's common stock and, through such holder, was a party to the Amended Stockholders Agreement and the Registration Rights Agreement. Affiliates of GE Capital hold $32.0 million in principal amount of the revolving portion of the Credit Agreement. Affiliates of The Blackstone Group, L.P. ("Blackstone") held approximately 11.5% of the Company's common stock and were also parties to the Amended Stockholders Agreement and the Registration Rights Agreement. Blackstone holds approximately $7.9 million in principal amount of the term loan portion of the Credit Agreement.

Credit Agreement — The Company entered into a Credit Agreement on April 1, 2005 pursuant to which GE Capital agreed to provide up to $215 million of senior secured financing to the Company (see Note 4). Under the terms of the financing, in fiscal 2005 the Company paid to GE Capital approximately $4.4 million which included an annual administration fee of $0.1 million. In addition, the Company agreed to indemnify GE Capital and its affiliates against certain liabilities and expenses incurred by them in connection with the Credit Agreement and certain related matters.

In fiscal 2005, 2006 and 2007 interest expense under the Credit Agreement paid to GE Capital was $6.5 million, $10.9 million, and $12.5 million, respectively. These payments were recorded in interest expense.

Consulting Fees - In January 2006, the Company retained Blackstone to perform an in depth review of the Company's capital structure for which they received $263,000. Such amounts are included in selling, general and administrative expenses.

Leasing Services - GE Capital and its affiliates provide leasing and financing services to the Company. Payments to GE Capital and its affiliates for fiscal years 2005, 2006 and 2007 for such services, net of discounts earned, were approximately $20,000, $22,000, and $17,000, respectively, and are included in selling, general and administrative expenses.

9. BENEFIT PLANS

The Centerplate Retirement and Savings Plan covers substantially all the Company's employees. Employees may contribute up to 50 percent of their eligible earnings and the Company will match 25 percent of employee contributions up to the first six percent of employee compensation (except for those employees designated as highly compensated where the Company will match up to the first four percent), with an additional discretionary match up to 50 percent as determined by the board of directors. The Company's contributions to the plan were approximately $327,000, $387,000 and $386,000 in fiscal 2005, 2006, and 2007, respectively.

Multi-Employer Pension Plans — Certain of the Company's union employees are covered by multi-employer defined benefit pension plans administered by unions. Under the Employee Retirement Income Security Act ("ERISA"), as amended, an employer upon withdrawal from a multi-employer pension plan is required to continue funding its proportionate share of the plan's unfunded vested benefits. Amounts charged to expense and contributed to the plans were approximately $975,000, $1,048,000, and $1,207,000 in fiscal 2005, 2006, and 2007, respectively.

Annual Bonus Plan — The Company maintains an Annual Bonus Plan subject to the approval of the Board of Directors. The senior management team and general managers qualify for bonus payments if the Company meets established annual performance financial targets. Awards under the plan are based 75% on the achievement of these financial targets, and 25% on achievement of other performance goals and objectives.

Long-Term Performance Plan — The Company's Long-Term Performance Plan's ("the Plan") purpose is to further the Company's growth and financial success by offering cash performance incentives to members of senior management employees whose responsibilities and decisions directly affect the Company's success.

Awards under the Plan are based upon a participant's attainment of certain performance goals, which are generally measured over a three-year performance period. Target awards will be paid upon a participant's attainment of certain performance objectives with respect to the specified performance goals. Target awards are generally expressed as a percentage of the participant's total compensation in the final year of the applicable performance period. As of January 1, 2008, no awards were vested, accrued or granted under the Plan.

10. DEMAND FOR REGISTRATION

Under the Registration Rights Agreement, dated December 10, 2003, between the Company and the Initial Equity Investors (the "Registration Rights Agreement"), the Company agreed to file a registration statement and undertake a public offering of the remaining interests of the Initial Equity Investors in the

Company upon written demand from the Initial Equity Investors. In fiscal 2006, the Initial Equity Investors renewed their demand for a registration under the Registration Rights Agreement. In December 2007, the Company completed the sale of these interests through the issuance of approximately $14.4 million in subordinated notes in exchange for 1,543,179 shares of common stock to enable to 2,517,818 IDSs to be sold on behalf of the Initial Equity Investors. The Company did not receive any proceeds from the offering except for approximately $807,000 which represents 5 months interest on the subordinated notes sold in the offering. These funds are recorded in restricted cash on the Company's balance sheet.

Additionally, in 2007 the Company reached a settlement of a litigation matter with a former employee who held ownership interests in affiliates of the selling securityholders which participated in the demand for registration described above. As part of the settlement, the Company purchased the former employee's interests in the selling securityholders for $500,000. By virtue of ownership interests acquired, the Company received proceeds of approximately $500,000 resulting from the sale of the selling securityholders interests.

In addition, certain members of the Company's management received distributions of a portion of the proceeds as a result of direct and indirect minority interests in certain of the selling securityholders.

In accordance with Registration Rights Agreement, the Company paid all costs and expenses incurred in connection with the registration, including those of the Initial Equity Investors, except underwriting discounts and commissions applicable to the securities sold. As such, the Company has recorded approximately $700,000 and $1,660,000 of transaction-related expenses on the accompanying statements of operations for the years ended January 2, 2007 and January 1, 2008, respectively.

11. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Quarterly operating results for the years ended January 2, 2007 and January 1, 2008 are as follows:

Year Ended January 2, 2007	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	(In thousands, except per share data)				
Net sales	$113,505	$190,699	$218,929	$157,987	$681,120
Cost of sales	95,660	154,174	175,999	128,919	554,752
Selling, general, and administrative	14,683	17,413	19,588	18,854	70,538
Depreciation and amortization	7,051	7,074	7,212	7,517	28,854
Transaction related expenses(1)	—	—	—	700	700
Contract related losses	100	—	—	258	358
Operating income (loss)	(3,989)	12,038	16,130	1,739	25,918
Interest expense	6,539	6,207	5,502	6,112	24,360
Other income, net	(322)	(341)	(501)	(526)	(1,690)
Income (loss) before income taxes	(10,206)	6,172	11,129	(3,847)	3,248
Income tax provision (benefit)	(4,608)	6,238	(1,140)	(720)	(230)
Net income (loss)	$ (5,598)	$ (66)	$ 12,269	$ (3,127)	$ 3,478
Basic and Diluted Net Income (Loss) per share with and without conversion option	$ (0.25)	$ 0.00	$ 0.54	$ (0.14)	$ 0.15

(1) Reflects fees and expenses incurred in connection with the secondary offering.

Year Ended January 1, 2008	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	(In thousands, except per share data)				
Net sales	$125,333	$200,839	$246,141	$168,373	$740,686
Cost of sales	106,258	162,948	197,357	138,222	604,785
Selling, general, and administrative	17,200	20,161	23,112	19,167	79,640
Depreciation and amortization	7,382	7,713	7,995	8,353	31,443
Transaction related expenses(1)	—	333	667	660	1,660
Operating income (loss)	(5,507)	9,684	17,010	1,971	23,158
Interest expense	8,052	7,079	7,329	6,045	28,505
Other income, net	(502)	(542)	(470)	(327)	(1,841)
Income (loss) before income taxes	(13,057)	3,147	10,151	(3,747)	(3,506)
Income tax provision (benefit)	(5,009)	907	4,155	(1,681)	(1,628)
Net income (loss)	$ (8,048)	$ 2,240	$ 5,996	$ (2,066)	$ (1,878)
Basic and Diluted Net Income (Loss) per share with and without conversion option	$ (0.36)	$ 0.10	$ 0.27	$ (0.09)	$ (0.08)

(1) Reflects fees and expenses incurred in connection with the secondary offering.

12. CONDENSED CONSOLIDATING INFORMATION

The $119,596,000 original principal amount of Centerplate's 13.5% subordinated notes are jointly and severally and fully and non-conditionally guaranteed by each of Centerplate's direct and indirect 100% owned subsidiaries, except for certain non-100% owned U.S. subsidiaries and one non-U.S. subsidiary. The following table sets forth the condensed consolidating financial statements of Centerplate as of and for the periods ended January 2, 2007 and January 1, 2008 (in the case of the balance sheet) and for the years ended January 3, 2006, January 2, 2007, and January 1, 2008 (in the case of the statement of operations and the cash flows):

Consolidating Condensed Statement of Operations and Comprehensive Income (Loss), Year Ended January 3, 2006

	Centerplate	Combined Guarantor Subsidiaries	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net sales	$ —	$594,146	$48,966	$ —	$643,112
Cost of sales (excluding D&A)	—	478,677	40,382	336	519,395
Selling, general, and administrative	1,146	65,380	4,879	—	71,405
Depreciation and amortization	106	27,875	1,274	—	29,255
Transaction related expenses	1,006	—	—	—	1,006
Contract related losses	—	369	—	—	369
Operating income (loss)	(2,258)	21,845	2,431	(336)	21,682
Interest expense	15,367	15,907	—	—	31,274
Intercompany interest, net	(15,876)	15,876	—	—	—
Other income, net	(4)	(1,134)	(13)	—	(1,151)
Income (loss) before income taxes	(1,745)	(8,804)	2,444	(336)	(8,441)
Income tax benefit	(349)	(3,504)	—	—	(3,853)
Equity in earnings of subsidiaries	(3,192)	2,108	—	1,084	—
Net income (loss)	(4,588)	(3,192)	2,444	748	(4,588)
Other comprehensive income foreign currency translation adjustment	—	—	157	—	157
Comprehensive income (loss)	$ (4,588)	$ (3,192)	$ 2,601	$ 748	$ (4,431)

Consolidating Condensed Statement of Cash Flows, Year Ended January 3, 2006

	Centerplate	Combined Guarantor Subsidiaries	Combined Non-guarantor Subsidiaries	Consolidated
		(In thousands)		
Cash flows Provided by (used in) operating activities	$ (381)	$ 25,276	$ 3,513	$ 28,408
Cash flows from investing activities:				
Purchase of property and equipment	—	(13,823)	(889)	(14,712)
Proceeds from sale of property, plant and equipment	—	338	—	338
Contract rights acquired	—	(10,363)	—	(10,363)
Net cash used in investing activities	—	(23,848)	(889)	(24,737)
Cash flows from financing activities:				
Repayments — revolving loans	—	(44,250)	—	(44,250)
Borrowings — revolving loans	—	44,250	—	44,250
Principal payments on long-term debt	—	(806)	—	(806)
Proceeds from long-term borrowings	—	107,500	—	107,500
Retirement of existing long-term borrowings	—	(65,000)	—	(65,000)
Payments of financing costs	—	(7,266)	—	(7,266)
Decrease in bank overdrafts	—	(3,626)	—	(3,626)
Change in intercompany, net	18,225	(16,760)	(1,465)	—
Dividend payments	(17,840)	—	—	(17,840)
Net cash provided by (used in) financing activities	385	14,042	(1,465)	12,962
Increase in cash	4	15,470	1,159	16,633
Cash and cash equivalents:				
Beginning of period	195	24,142	440	24,777
End of period	$ 199	$ 39,612	$ 1,599	$ 41,410

Consolidating Condensed Balance Sheet, January 2, 2007

	Centerplate	Combined Guarantor Subsidiaries	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 210	$ 36,631	$2,750	$ —	$ 39,591
Accounts receivable	—	21,780	1,392	—	23,172
Other current assets	24	37,923	1,484	—	39,431
Total current assets	234	96,334	5,626	—	102,194
Property and equipment	—	48,295	2,389	—	50,684
Contract rights, net	54	78,699	456	—	79,209
Cost in excess of net assets acquired, net	6,974	34,168	—	—	41,142
Intercompany receivable (payable)	116,286	(122,640)	208	6,146	—
Investment in subsidiaries	(6,390)	6,146	—	244	—
Other assets	8,533	49,818	790	—	59,141
Total assets	$ 125,691	$ 190,820	$9,469	$6,390	$ 332,370
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities	$ 4,844	$ 90,858	$2,230	$ 768	$ 98,700
Long-term debt	105,245	104,544	—	—	209,789
Other liabilities	—	8,279	—	—	8,279
Total liabilities	110,089	203,681	2,230	768	316,768
Common stock with conversion option, par value $0.01 exchangeable for subordinated debt, net of discount	14,352	—	—	—	14,352
Stockholders' equity (deficiency):					
Common stock	400	—	—	—	400
Additional paid-in capital	218,331	—	—	—	218,331
Accumulated deficit	(97,282)	(12,861)	6,498	6,363	(97,282)
Treasury stock and other	(120,199)	—	741	(741)	(120,199)
Total stockholders' equity (deficiency)	1,250	(12,861)	7,239	5,622	1,250
Total liabilities and stockholders' equity (deficiency)	$ 125,691	$ 190,820	$9,469	$6,390	$ 332,370

Consolidating Condensed Statement of Operations and Comprehensive Income (Loss), Year Ended January 2, 2007

	Centerplate	Combined Guarantor Subsidiaries	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net sales	$ —	$629,595	$51,525	$ —	$681,120
Cost of sales (excluding D & A)	—	512,266	42,114	372	554,752
Selling, general, and administrative	1,928	62,075	6,535	—	70,538
Depreciation and amortization	93	27,458	1,303	—	28,854
Transaction related expenses	700	—	—	—	700
Contract related losses	—	358	—	—	358
Operating income (loss)	(2,721)	27,438	1,573	—	25,918
Interest expense	12,151	12,067	142	—	24,360
Intercompany interest, net	(15,700)	15,700	—	—	—
Other income, net	(10)	(1,627)	(53)	—	(1,690)
Income (loss) before income taxes	838	1,298	1,484	—	3,248
Income tax benefit	(293)	63	—	—	(230)
Equity in earnings of subsidiaries	2,347	1,112	—	(3,459)	—
Net income (loss)	3,478	2,347	1,484	(3,459)	3,478
Other comprehensive income foreign currency translation adjustment	—	—	9	—	9
Comprehensive income (loss)	$ 3,478	$ 2,347	$ 1,493	$(3,459)	$ 3,487

Consolidating Condensed Statement of Cash Flows, Year Ended January 2, 2007

	Centerplate	Combined Guarantor Subsidiaries	Combined Non-guarantor Subsidiaries	Consolidated
		(In thousands)		
Cash flows Provided by (used in) operating activities	$ (537)	$ 33,292	$ 6,601	$ 39,356
Cash flows from investing activities:				
Purchase of property and equipment	—	(13,647)	(105)	(13,752)
Proceeds from sale of property, plant and equipment	—	250	—	250
Contract rights acquired	—	(14,014)	—	(14,014)
Return of unamortized capital investment	—	1,828	—	1,828
Restricted cash	—	(13,080)	—	(13,080)
Net cash used in investing activities	—	(38,663)	(105)	(38,768)
Cash flows from financing activities:				
Repayments — revolving loans	—	(10,000)	—	(10,000)
Borrowings — revolving loans	—	25,000	—	25,000
Principal payments on long-term debt	—	(1,075)	—	(1,075)
Increase in bank overdrafts	—	1,508	—	1,508
Change in intercompany, net	18,388	(13,043)	(5,345)	—
Dividend payments	(17,840)	—	—	(17,840)
Net cash provided by (used in) financing activities	548	2,390	(5,345)	(2,407)
Increase in cash	11	(2,981)	1,151	(1,819)
Cash and cash equivalents:				
Beginning of period	199	39,612	1,599	41,410
End of period	$ 210	$ 36,631	$ 2,750	$ 39,591

Consolidating Condensed Balance Sheet, January 1, 2008

	Centerplate	Combined Guarantor Subsidiaries	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 218	$ 25,120	$ 8,515	$ —	$ 33,853
Accounts receivable	—	26,058	3,481	—	29,539
Other current assets	4	30,289	1,832	—	32,125
Total current assets	222	81,467	13,828	—	95,517
Property and equipment	—	49,884	2,102	—	51,986
Contract rights, net	18	84,534	631	—	85,183
Cost in excess of net assets acquired, net	6,974	34,168	—		41,142
Intercompany receivable (payable)	96,219	(100,738)	(3,756)	8,275	—
Investment in subsidiaries	(5,473)	8,275	—	(2,802)	—
Other assets	6,745	50,546	1,232	—	58,523
Total assets	$ 104,705	$ 208,136	$14,037	$ 5,473	$ 332,351
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities	$ 2,643	$ 107,574	$ 4,108	$ 667	$ 114,992
Long-term debt	119,596	103,738	—	—	223,334
Other liabilities	—	11,559	—	—	11,559
Total liabilities	122,239	222,871	4,108	667	349,885
Stockholders' equity (deficiency):					
Common stock	400	—	—	—	400
Additional paid-in capital	218,331	—	—	—	218,331
Accumulated deficit	(117,375)	(14,735)	7,879	6,856	(117,375)
Treasury stock and other	(118,890)	—	2,050	(2,050)	(118,890)
Total stockholders' equity (deficiency)	(17,534)	(14,735)	9,929	4,806	(17,534)
Total liabilities and stockholders' equity (deficiency)	$ 104,705	$ 208,136	$14,037	$ 5,473	$ 332,351

Consolidating Condensed Statement of Operations and Comprehensive Income (Loss), Year Ended January 1, 2008

	Centerplate	Combined Guarantor Subsidiaries	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net sales	$ —	$682,554	$58,132	$ —	$740,686
Cost of sales (excluding D & A)	—	555,383	49,196	206	604,785
Selling, general, and administrative	1,727	72,465	5,448	—	79,640
Depreciation and amortization	36	30,046	1,361	—	31,443
Transaction related expenses	1,660	—	—	—	1,660
Contract related losses	—	—	—	—	—
Operating income (loss)	(3,423)	24,660	2,127	(206)	23,158
Interest expense	14,578	13,841	86	—	28,505
Intercompany interest, net	(15,700)	15,700	—	—	—
Other income, net	(8)	(1,697)	(136)	—	(1,841)
Income (loss) before income taxes	(2,293)	(3,184)	2,177	(206)	(3,506)
Income tax benefit	(230)	(1,887)	489	—	(1,628)
Equity in earnings of subsidiaries	185	1,482	—	(1,667)	—
Net income (loss)	(1,878)	185	1,688	(1,873)	(1,878)
Other comprehensive income foreign currency translation adjustment	—	—	1,309	—	1,309
Comprehensive income (loss)	$ (1,878)	$ 185	$ 2,997	$(1,873)	$ (569)

Consolidating Condensed Statement of Cash Flows, Year Ended January 1, 2008

	Centerplate	Combined Guarantor Subsidiaries	Combined Non-guarantor Subsidiaries	Consolidated
		(In thousands)		
Cash flows provided by (used in) operating activities	$ (2,897)	$ 22,347	$2,258	$ 21,708
Cash flows from investing activities:				
Purchase of property and equipment	—	(14,444)	(946)	(15,390)
Proceeds from sale of property, plant and equipment	—	134	—	134
Contract rights acquired	—	(21,690)	—	(21,690)
Restricted cash	—	11,934	—	11,934
Net cash used in investing activities	—	(24,066)	(946)	(25,012)
Cash flows from financing activities:				
Repayments — revolving loans	—	(74,500)	—	(74,500)
Borrowings — revolving loans	—	85,000	—	85,000
Borrowings — swingline loans		4,000		4,000
Principal payments on long-term debt	—	(806)	—	(806)
Restricted cash — proceeds from IDS issuance	—	(807)		(807)
Increase in bank overdrafts	—	1,928	—	1,928
Change in intercompany, net	20,643	(24,607)	3,964	—
Dividend payments	(17,738)	—	—	(17,738)
Net cash provided by (used in) financing activities	2,905	(9,792)	3,964	(2,923)
Effect of foreign currency translation on cash	—	—	489	489
Increase (decrease) in cash	8	(11,511)	5,765	(5,738)
Cash and cash equivalents:				
Beginning of period	210	36,631	2,750	39,591
End of period	$ 218	$ 25,120	$8,515	$ 33,853

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of disclosure controls and procedures. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our report under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of January 1, 2008. Based upon that evaluation and subject to the foregoing, our chief executive officer and chief financial officer concluded that the design and operation of our disclosure controls and procedures provided reasonable assurance that the disclosure controls and procedures are effective to accomplish their objectives.

Changes in internal control over financial reporting. There was no change in our internal control over financial reporting that occurred during the fourth fiscal quarter of 2007 covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting. Management of Centerplate, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel 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 and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of January 1, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework.*

Based on its assessment, management believes that, as of January 1, 2008, our internal controls over financial reporting are effective. The independent registered public accounting firm that audited our financial statements has issued an audit report on our assessment of our internal control over financial reporting, which immediately follows.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Centerplate, Inc.
Stamford, Connecticut

We have audited the internal control over financial reporting of Centerplate, Inc. and subsidiaries (the "Company") as of January 1, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 1, 2008, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended January 1, 2008 of the Company and our report dated March 17, 2008 expressed an unqualified opinion on those financial statements, and included an explanatory paragraph relating to the adoption of a new accounting standard.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
March 17, 2008

Item 9B. ***Other Information.***

None.

PART III

Incorporated by reference to the registrant's proxy statement for the 2008 Annual Meeting of Security Holders.

Item 10. ***Directors, Executive Officers and Corporate Governance.***

Item 11. ***Executive Compensation.***

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

Item 14. ***Principal Accounting Fees and Services.***

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

The following documents are filed as a part of this report:

1. Financial Statements: See Index to Consolidated Financial Statements under Item 8 on Page F-1 of this report.

2. Financial Statement Schedules: None.

3. Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the SEC:

Exhibit Number	Description of Exhibit
3.1(1)	Restated Certificate of Incorporation of Centerplate, Inc.
3.2(2)	Amendments to Restated Certificate of Incorporation adopted on October 13, 2004.
3.3(3)	Amended and Restated By-Laws of Centerplate, Inc.
3.4(2)	Amendments to Amended and Restated By-Laws adopted on October 13, 2004.
4.1(4)	Indenture, dated as of December 10, 2003, among Volume Services America Holdings, Inc., the guarantors thereto and The Bank of New York, as Trustee.
4.2(16)	First Amendment to Indenture, dated as of October 24, 2006.
4.3(4)	Form of Subordinated Note (included in Exhibit 4.3).
4.6(5)	Form of stock certificate for common stock.
4.7(4)	Global IDS Certificate.
10.1(6)	Credit Agreement, dated as of April 1, 2005, among Volume Services America, Inc., Volume Services, Inc., and Service America Corporation as Borrowers, Centerplate, Inc. as Guarantor, certain financial institutions as the Lenders, GECC Capital Markets Group, Inc. as Lead Arranger and Book Runner and General Electric Capital Corporation as Administrative Agent and Lender.
10.2(7)	Form of Centerplate Deferred Compensation Plan.*
10.3(8)	Employment Agreement dated as of September 29, 1998, by and between VSI Acquisition II Corporation and Janet L. Steinmayer (the "September 29, 1989 Employment Agreement").*
10.4(9)	Amendment, dated September 7, 2005, to the September 29, 1998 Employment Agreement.*
10.5(14)	Second Amendment, dated as of March 1, 2006, to the September 29, 1998 Employment Agreement.*
10.6(15)	Employment Agreement, dated as of October 25, 2006, between Centerplate, Inc. and William H. Peterson.*
10.7(15)	Employment Agreement dated as of October 25, 2006, between Centerplate, Inc. and Kevin McNamara.*
10.7(10)	Centerplate, Inc. Long-Term Performance Plan.*

Exhibit Number	Description of Exhibit
10.8(11)	Form of Award Letter under Long-Term Performance Plan for senior executive officers.*
10.9(11)	Form of Award Letter under Long-Term Performance Plan for participants other than senior executive officers.*
10.10(12)	First Amendment to Credit Agreement, dated as of April 15, 2005, by and among Volume Services America, Inc., Volume Services, Inc. and Service America Corporation, as the Borrowers, Centerplate, Inc., the Lenders party to the Credit Agreement, Wachovia Bank, National Association, as a Lender and Syndication Agent, and General Electric Capital Corporation, as a Lender and as Administrative Agent.
10.11(13)	Form of Consent and Amendment, dated as of September 30, 2005, by and among Volume Services America, Inc., Volume Services, Inc., Service America Corporation, Centerplate, Inc., the Lenders signatory thereto, and General Electric Capital Corporation, as a Lender and as the Administrative Agent
10.12(18)	Form of Third Amendment to Credit Agreement made and entered into as of June 8, 2007, by and among Volume Services America, Inc., Volume Services, Inc., Service America Corporation, Centerplate, Inc., the Lenders signatory thereto, and General Electric Capital Corporation.
10.13	Form of Waiver and Fourth Amendment to Credit Agreement made and entered into as of March 10, 2008, by and among Volume Services America, Inc., Volume Services, Inc., Service America Corporation, Centerplate, Inc., the Lenders signatory thereto, and General Electric Capital Corporation, as a Lender and as the Administrative Agent.
12.1	Computation of Ratio of Earnings to Fixed Charges
21.1(17)	Subsidiaries of Centerplate, Inc.
31.1	Certification of Principal Executive Officer of Centerplate, Inc. pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer of Centerplate, Inc. pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer of Centerplate, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer of Centerplate, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to the Form S-1/A filed on December 4, 2003.

(2) Incorporated by reference to the Form 10-Q for the quarterly period ended September 28, 2004.

(3) Incorporated by reference to the Form 10-K filed for the fiscal year ended December 30, 2003.

(4) Incorporated by reference to the Form 8-K filed on December 22, 2003.

(5) Incorporated by reference to the Form S-1/A filed on November 7, 2003.

(6) Incorporated by reference to the Form 8-K filed on April 6, 2005.

(7) Incorporated by reference to the Form 10-K for the fiscal year ended December 28, 2004.

(8) Incorporated by reference to the Form S-1/A filed on May 14, 2003.

(9) Incorporated by reference to the Form 8-K filed on September 7, 2005.

(10) Incorporated by reference to the Form 8-K filed on October 18, 2004.

(11) Incorporated by reference to the Form 8-K filed on November 23, 2004.

(12) Incorporated by reference to the Form 10-Q for the quarterly period ended March 29, 2005.

(13) Incorporated by reference to the Form 10-K for the fiscal year ended January 3, 2006.

(14) Incorporated by reference to the Form 10-Q for the quarterly period ended April 4, 2006.

(15) Incorporated by reference to the Form 8-K filed on October 31, 2006.

(16) Incorporated by reference to the Form 8-K filed on October 27, 2006.

(17) Incorporated by reference to the Form 10-K for the fiscal year ended January 2, 2007.

(18) Incorporated by reference to the Form 8-K filed on June 12, 2007.

* Management contract or compensatory plan or arrangement required to be filed and herein incorporated as an exhibit.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized, on March 17, 2008.

CENTERPLATE, INC.

By: /s/ Janet L. Steinmayer

Janet L. Steinmayer
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Name	Title	Date
/s/ Janet L. Steinmayer Janet L. Steinmayer	President, Chief Executive Officer and Director (Principal Executive Officer)	March 17, 2008
/s/ Kevin F. McNamara Kevin F. McNamara	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 17, 2008
/s/ David M. Williams David M. Williams	Director and Chairman of the Board	March 17, 2008
/s/ Felix P. Chee Felix P. Chee	Director	March 17, 2008
/s/ Sue Ling Gin Sue Ling Gin	Director	March 17, 2008
/s/ Alfred Poe Alfred Poe	Director	March 17, 2008
/s/ Glenn R. Zander Glenn R. Zander	Director	March 17, 2008

Exhibit 12.1

CENTERPLATE, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	2003	2004	2005	2006	2007
Income (loss) before income taxes	(10,755)	1,353	(8,441)	3,248	(3,506)
Add Fixed Charges:					
Interest Expense	25,856	23,195	27,800	21,791	25,936
Amortization of loan costs	6,907	1,815	3,474	2,569	2,569
Interest factor in rents	788	787	924	886	984
Total earnings as defined	22,796	27,150	23,757	28,494	25,983
Fixed Charges:					
Interest Expense	25,856	23,195	27,800	21,791	25,936
Amortization of loan costs	6,907	1,815	3,474	2,569	2,569
Interest factor in rents	788	787	924	886	984
	33,551	25,797	32,198	25,246	29,489
Ratio of Earnings to Fixed Charges		1.1	—	1.1	—
Deficiency in the coverage of fixed charges	(10,755)	—	(8,441)	—	(3,506)

Exhibit 31.1

CENTERPLATE, INC.

CERTIFICATIONS PURSUANT TO RULE 13A-14(A) OR RULE 15D-14(A), AS ADOPTED PURSUANT TO RULE 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Janet L. Steinmayer, certify that:

1. I have reviewed this Form 10-K of Centerplate, Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ Janet L. Steinmayer

Janet L. Steinmayer
President and Chief Executive Officer

Date: March 17, 2008

Exhibit 31.2

CENTERPLATE, INC.

CERTIFICATIONS PURSUANT TO RULE 13A-14(A) OR RULE 15D-14(A), AS ADOPTED PURSUANT TO RULE 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin F. McNamara certify that:

1. I have reviewed this Form 10-K of Centerplate, Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ Kevin F. McNamara

Kevin F. McNamara
Executive Vice President and
Chief Financial Officer

Date: March 17, 2008

Exhibit 32.1

CENTERPLATE, INC.

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

In connection with the annual report on Form 10-K of Centerplate, Inc. (the "Company") for the period ending January 1, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Janet L. Steinmayer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Janet L. Steinmayer

Janet L. Steinmayer
President and Chief Executive Officer

Date: March 17, 2008

Exhibit 32.2

CENTERPLATE, INC.

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

In connection with the annual report on Form 10-K of Centerplate, Inc. (the "Company") for the period ending January 1, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin F. McNamara, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Kevin F. McNamara

Kevin F. McNamara
Executive Vice President and
Chief Financial Officer

Date: March 17, 2008

Board of Directors
(seated left to right)
David M. Williams, Janet L. Steinmayer, Glenn R. Zander, Sue Ling Gin
(standing left to right)
Felix P. Chee, Alfred Poe

Executive Officers
(from left to right)
Kevin F. McNamara *Executive Vice President & Chief Financial Officer*
Janet L. Steinmayer *President & Chief Executive Officer*
William H. Peterson *Executive Vice President - Operations*

Board of Directors

David M. Williams
Chairman

Janet L. Steinmayer
President &
Chief Executive Officer

Felix P. Chee
Director

Sue Ling Gin
Director

Alfred Poe
Director

Glenn R. Zander
Director

Executive Officers

Janet L. Steinmayer
President &
Chief Executive Officer

Kevin F. McNamara
Executive Vice President &
Chief Financial Officer

William H. Peterson
Executive Vice President -
Operations

Corporate Officers

Dennis J. Cullinane
Senior Vice President -
Attractions

Paul F. Daly
Corporate Vice President -
Purchasing

Steven E. Denny
Senior Vice President - Arenas

William L. Greathouse
Senior Vice President - Sports

Kyle Kandel
Senior Vice President -
Convention Centers

Gregory J. Lesperance
Senior Vice President -
Chief Accounting &
Information Services Officer

Brett Lewis
Corporate Executive Chef

Myles T. McGrane
Corporate Vice President -
Facility Design & Management

Hadi K. Monavar
Senior Vice President -
Financial Planning

Robert J. Pascal
Corporate Vice President -
Marketing

Rina E. Terán
Vice President &
Corporate Secretary

John E. Vingas
Senior Vice President -
Strategic Operations

Gary W. Wattie
Corporate Vice President -
Sales

Investor Inquiries

Investor information is available on our web site at www.centerplate.com under the Investor Information section.

If you prefer, you may write or call us at:

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203.975.5941
gael.doar@centerplate.com

Transfer Agent and Registrar

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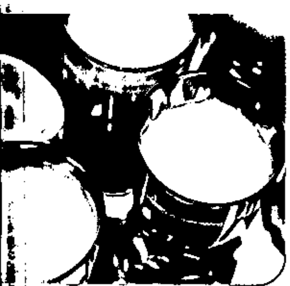
480 Washington Boulevard
Jersey City, NJ 07310-1900
877.296.3711 (U.S.)
201.680.6578 (Outside U.S.)
800.231.5469
(Hearing Impaired – TYY Phone)
www.bnymellon.com/shareowner/isd

Stock Exchange Listings

American Stock Exchange
Ticker Symbol: CVP
Toronto Stock Exchange
Ticker Symbol: CVP.un

Independent Auditors

Deloitte & Touche LLP
1100 Carillon
227 West Trade Street
Charlotte, NC 28202-1675





Centerplate

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