

## Letter from the CEO, 2017

Continued growth and innovation mark a successful 2016 for Clark Associates. As we've worked hard to deliver exceptional service through our various channels, we've been honored with several business and industry awards. For example, we landed on the Central Penn Business Journal's Top 50 Fastest Growing Companies list for an 8th consecutive year, ranking second. We have also been named the Foodservice Equipment Reports Magazine's 2017 Management Excellence Award recipient. This award reinforces our commitment to honesty, transparency, and integrity in our interactions with customers, suppliers, and employees.

Like in 2015, we're continuing to expand to keep up with growth. In early 2017 our WebstaurantStore Logistics and Content Departments will be moving to a building next to their current location, with space for 90 employees. We have made several other renovations and acquisitions to improve the logistical side of our business. To continue to serve our west coast customers better, an expansion of the WebstaurantStore's Nevada warehouse has doubled the size of the current building, up to 360,000 sq. ft. We've also purchased a 350,000 sq. ft. facility in Durant, Oklahoma to improve transit times for our customers in the middle of the country. We hope to be shipping out of this location by the summer. We have also purchased a 236,000 sq. ft. warehouse near the port of Baltimore. This will help fulfillment for all of our Clark channels on the east coast.

The Restaurant Store also saw a solid year of growth. Its January 2016 website redesign has been well-received and is responsible for 30% of the division's sales for the year. This is an example of our commitment to blending the cash and carry retail model with the new age of technology and E-commerce, so we can provide our customers with a choice of how they shop. The creation of a street marketing team with a representative at each store location has brought in nearly 6,000

new customers. We're also opening a second Baltimore Restaurant Store location during the first quarter of 2017, which we will be calling our Baltimore West store.

Clark Foodservice Equipment has completed Turnkey projects from New Jersey across to Illinois, and it appears that we have the largest number of projects yet lined up for 2017 already. To better meet the needs of different types of clients, we've created a multi-tiered design service menu. This 100% Revit-based system includes virtual reality at the premium platinum level, letting customers see what a renovation or new design would look like in a totally new way.

2016 was also a strong year for the Clark Charitable Foundation. We've supported over 160 different organizations, with over \$1.2 million in donations, and are especially proud of our Water Street Mission Kitchen Make-Over, a kitchen redesign and overhaul for our local homeless shelter in Lancaster, PA.

Looking ahead, we continue to build upon our employees' generosity and plan to keep reaching out to support all the communities across the country where we have a business presence. Another exciting addition to the Lititz campus is our WebstaurantStore Learning Center, a daycare center for our employees' children. As always, our success as a company is dependent on our staff's hard work and innovative thinking. We have put a lot of time and effort into building a great team of bright and dedicated people and the results show -- thanks for all that you do. Continuing education is important to us, and I'm pleased that another 19 employees have achieved CFSP status.

Though we've grown to over 1800 employees, we're always on the lookout for talented, forward-thinking people to add to our team. If you're interested in learning how you could help drive our future success, please visit our Careers page.

We are looking forward to 2017 as it's setting up to be another strong growth year. We continue to expand our Clark family of brands that are sold through all of our channels. We now support and promote over 35 brands and product lines. Unfortunately at this time, most of these products are imported as that is the standard in our industry. In the future we plan to do something about that.

Best Regards,

Fred E. Clark

CEO, Clark Associates, Inc.