As filed with the Securities and Exchange Commission on June 10, 2019

Registration No. 333-231428

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

AMENDMENT NO. 2
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Grocery Outlet Holding Corp.
(Exact name of registrant as specified in its charter)

Delaware	5411	47-1874201
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

5650 Hollis Street
Emeryville, California 94608
(510) 845-1999
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Pamela B. Burke
Chief Administrative Officer, General Counsel and Secretary
Grocery Outlet Holding Corp.
5650 Hollis Street
Emeryville, California 94608
(510) 845-1999
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

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Simpson Thacher & Bartlett LLP
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Tel: (650) 251-5000
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Davis Polk & Wardwell LLP
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Menlo Park, California 94025
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common stock, $0.001 par value per share	19,765,625	$17.00	$336,015,625.00	$40,725.09

(1) Includes 2,578,125 shares that the underwriters have the option to purchase. See "Underwriting (Conflicts of Interest)."

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.
(3) $12,120.00 of such fee was previously paid in connection with the initial filing of the Registration Statement on May 13, 2019.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated June 10, 2019

PROSPECTUS

17,187,500 Shares

GROCERYOUTLET
Bargain Market

Common Stock

This is Grocery Outlet Holding Corp.'s initial public offering. We are selling 17,187,500 shares of our common stock.

We expect the public offering price to be between $15.00 and $17.00 per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will trade on The Nasdaq Global Select Market ("Nasdaq") under the symbol "GO."

Investing in the common stock involves risks that are described in the "Risk Factors" section beginning on page 16 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also exercise their option to purchase up to an additional 2,578,125 shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus.

At our request, the underwriters have reserved up to 859,375 shares of common stock, or 5% of the shares offered by this prospectus, for sale at the initial public offering price in a directed share program, to our directors, officers, employees, independent operators, business associates and related persons. See "Underwriting (Conflicts of Interest)—Reserved Shares."

After the completion of this offering, an investment fund affiliated with Hellman & Friedman LLC will continue to beneficially own a majority of the voting power of all outstanding shares of our common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of Nasdaq. See "Principal Stockholders."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2019.

BofA Merrill Lynch **Morgan Stanley** **Deutsche Bank Securities** **Jefferies**

Barclays **Goldman Sachs & Co. LLC** **Guggenheim Securities** **UBS Investment Bank** **Cowen**

Telsey Advisory Group **Drexel Hamilton** **Penserra Securities LLC**

The date of this prospectus is , 2019.

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Through and including , 2019 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses that we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of the shares. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

For investors outside the United States: We and the underwriters have not done anything that would permit a public offering of the shares of our common stock or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights information contained in greater detail elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our financial statements and the related notes included elsewhere in this prospectus and the information set forth under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Unless otherwise indicated in this prospectus, references to the "Company," "we," "us" and "our" refer to Grocery Outlet Holding Corp. and its consolidated subsidiaries. References to "underwriters" refer to the firms listed on the cover page of this prospectus. References to the fiscal years 2015, 2016, 2017 and 2018 refer to the fiscal years ended January 2, 2016, December 31, 2016, December 30, 2017 and December 29, 2018, respectively. References to the first quarter 2018 and the first quarter 2019 refer to the 13 weeks ended March 31, 2018 and March 30, 2019, respectively.

Our Company

We are a high-growth, extreme value retailer of quality, name-brand consumables and fresh products sold through a network of independently operated stores. Each of our stores offers a fun, treasure hunt shopping experience in an easy-to-navigate, small-box format. An ever-changing assortment of "WOW!" deals, complemented by everyday staple products, generates customer excitement and encourages frequent visits from bargain-minded shoppers. Our flexible buying model allows us to offer quality, name-brand opportunistic products at prices generally 40% to 70% below those of conventional retailers. Entrepreneurial independent operators ("IOs") run our stores and create a neighborhood feel through personalized customer service and a localized product offering. This differentiated approach has driven 15 consecutive years of positive comparable store sales growth.

Our founder, Jim Read, pioneered our opportunistic buying model in 1946 and subsequently developed the IO selling approach, which harnesses individual entrepreneurship and local decision-making to better serve our customers. Underlying this differentiated model was a mission that still guides us today: "Touching Lives for the Better." Since 2006, the third generation of Read family leadership has advanced this mission and accelerated growth by strengthening our supplier relationships, introducing new product categories and expanding the store base from 128 to 323 stores across the West Coast and Pennsylvania. These efforts have more than tripled sales from approximately $640 million in 2006 to $2.3 billion in 2018, representing an 11% compound annual growth rate ("CAGR"). Our passionate, founding family-led management team remains a driving force behind our growth-oriented culture.

Our differentiated model for buying and selling delivers a "WOW!" shopping experience, which generates customer excitement, inspires loyalty and supports profitable sales growth:

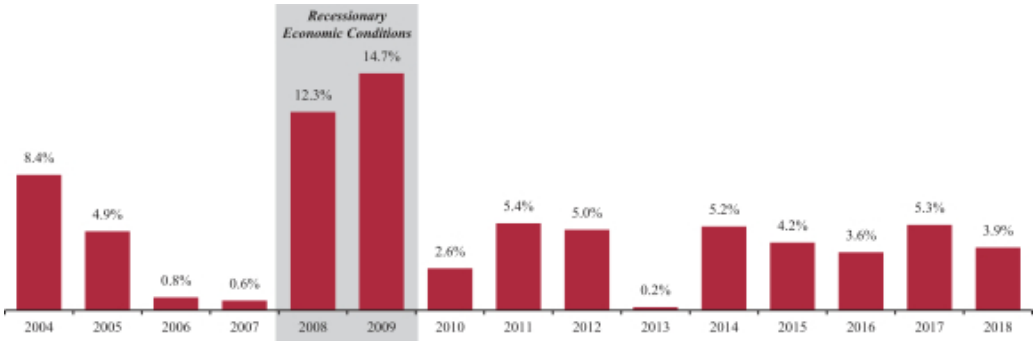
- ***How we buy:*** We source quality, name-brand consumables and fresh products opportunistically through a large, centralized purchasing team that leverages long-standing and actively managed supplier relationships to acquire merchandise at significant discounts. Our speed and efficiency in responding to supplier needs, combined with our specialized supply chain capabilities and flexible merchandising strategy, enhance our access to discounted products and allow us to turn inventory quickly and profitably. Our buyers proactively source on-trend products based on changing consumer preferences, including a wide selection of Natural, Organic, Specialty and Healthy ("NOSH") products. We also source everyday staple products to complement our opportunistic offerings. We purchase over 85,000 stock keeping units ("SKUs") from approximately 1,500 suppliers annually. Each store offers a curated and ever-changing assortment of approximately 5,000 SKUs, creating a "buy now" sense of urgency that promotes return visits and fosters customer loyalty.

- ***How we sell:*** Our stores are independently operated by entrepreneurial small business owners who have a relentless focus on selecting the best products for their communities, providing personalized customer service and driving improved store performance. Unlike a store manager of a traditional retailer, IOs are independent businesses and are responsible for store operations, including ordering, merchandising and managing inventory, marketing locally and directly hiring, training and employing their store workers. IOs initially contribute capital to establish their business and share store-level gross profits with us. These factors both align our interests and incentivize IOs to aggressively grow their business to realize substantial financial upside. This combination of local decision-making supported by our purchasing scale and corporate resources results in a "small business at scale" model that we believe is difficult for competitors to replicate.

Our value proposition has broad appeal with bargain-minded customers across all income levels, demographics and geographies. Customers visited our stores over 85 million times in 2018 with the average customer shopping twice per month and spending over $25 per transaction. We believe that our sustained focus on delivering ever-changing "WOW!" deals within a fun, treasure hunt shopping environment has generated strong customer loyalty and brand affinity. This customer enthusiasm is evidenced by our high scores on surveys designed to measure customer experience of our brand and 11 consecutive years of positive comparable store traffic growth. We believe that our broad customer appeal supports significant new store growth opportunities, and we plan to continue to expand our reach to additional customers and geographies across the United States.

Our stores have performed well across all economic cycles, as demonstrated by our 15 consecutive years of positive comparable store sales growth and consistent gross margins of between 30.1% and 30.8% since 2010.(1) In fact, our value proposition attracts even more customers in periods of economic uncertainty as evidenced by our average 13.5% comparable store sales growth during the recessionary economic conditions experienced in 2008 and 2009. Our model is also insulated from store labor-related variability because IOs directly employ their store workers. The result is lower corporate fixed costs, providing further protection in the event of an economic downturn.

15 Consecutive Years of Positive Comparable Store Sales Growth (2004 – 2018) (1)

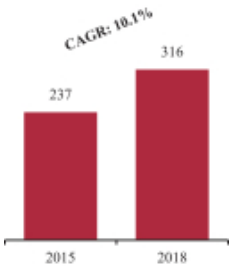


(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors and Measures We Use to Evaluate Our Business—Comparable Store Sales" and "—Gross Profit and Gross Margin."

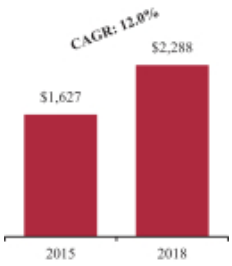
Following the 2014 H&F Acquisition (as defined below), we made significant infrastructure investments and have continued to grow our business, as evidenced by the following achievements since 2015:

- Expanded our store count from 237 to 316 (as of December 29, 2018), a CAGR of 10.1%
- Grown comparable store sales at an average annual rate of 4.2%
- Increased sales from $1.6 billion to $2.3 billion, a CAGR of 12.0%
- Maintained consistent gross margins of between 30.2% and 30.6% on an annual basis
- Increased net income from $4.8 million to $15.9 million, a CAGR of 49.3%
- Increased adjusted EBITDA from $108.2 million to $153.6 million, a CAGR of 12.4%

Store count



Sales ($MM)



Net income ($MM)

Adjusted EBITDA ($MM)

Our Competitive Strengths

We believe that the following competitive strengths are key drivers of our current success and position us for continued growth:

- ***Powerful Customer Value Proposition Supported by a "WOW!" Experience.*** Delivering thrilling "WOW!" deals to our customers is a cornerstone of our business. We offer customers quality, name-brand consumables and fresh products at deep discounts in a fun, treasure hunt shopping environment. Our product offering is ever-changing with a constant rotation of opportunistic products, complemented by an assortment of competitively priced everyday staples across grocery, produce, refrigerated and frozen foods, beer and wine, fresh meat and seafood, general merchandise and health and beauty care. A typical Grocery Outlet basket is priced approximately 40% lower than conventional grocers and approximately 20% lower than the leading discounters. Our stores are convenient, easy to navigate and require neither membership fees nor bulk purchases for customers to save money. Upon entering a store, customers encounter a curated selection of fresh produce and perishables, complemented by a "Power Wall" showcasing many of our most exciting "WOW!" offerings. Our stores have wide aisles, clear signage and a high level of customer service. Upon checkout, a cashier "circles the savings" on each customer's receipt, which reinforces the compelling value that we provide.

- ***Flexible Sourcing and Distribution Model That Is Difficult to Replicate.*** Our flexible sourcing and distribution model differentiates us from traditional retailers and allows us to provide customers quality, name-brand products at exceptional values. As strong stewards of our suppliers' brands, we are a preferred partner with a reputation for making rapid decisions, purchasing significant volumes and creatively solving suppliers' inventory challenges to arrive at "win-win" outcomes. We take

advantage of opportunities to acquire merchandise at substantial discounts that regularly arise from order cancellations, manufacturer overruns, packaging changes and approaching "sell-by" dates. We supplement our "WOW!" deals with everyday staples in order to provide a convenient shopping experience. Our buying strategy is deliberately flexible, which allows us to react to constantly changing opportunities. With over 60 people, our centralized sourcing team has deep experience and decades-long relationships with leading consumer packaged goods ("CPG") companies. Our team is highly selective when evaluating the growing number of opportunities available to us and maintains a disciplined yet solutions-oriented approach. We buy from approximately 1,500 suppliers annually, with no supplier representing more than 5% of sales, and benefit from an average relationship of 30 years with our top 15 suppliers. Our specialized model is supported by a supply chain designed to quickly and efficiently deliver an ever-changing assortment of products to store shelves.

- ***Independent Operators Who Are the Foundation of Our "Small Business at Scale" Model.*** Our stores are independent business entities operated by entrepreneurial small business owners who have a relentless focus on ordering and merchandising the best products for their communities, providing personalized customer service and driving improved store performance. We generally share 50% of store-level gross profits with IOs, thereby incentivizing them to aggressively grow their business and realize substantial financial upside. IOs leverage our national purchasing scale, sophisticated ordering and information systems and field support in order to operate more efficiently. This combination of local decision-making supported by our purchasing scale and corporate resources results in a "small business at scale" model that we believe is difficult for competitors to replicate. The vast majority of our IOs operate a single store, with most working as two-person teams, and, on average, have been operating their stores for more than five years. We encourage our IOs to establish local roots and actively participate in their communities to foster strong personal connections with customers. Our IOs select approximately 75% of their merchandise based on local preferences, providing a unique assortment tailored to their community. Our collaborative relationship with our IOs creates a powerful selling model allowing us to deliver customers exceptional value with a local touch.

- ***Proven and Consistent New Store Economics.*** Our new stores have generated robust store-level financial results, strong cash flow and attractive returns. Our highly flexible, small-box format of 15,000 to 20,000 total square feet has been successful across geographic regions, population densities and demographic groups, and has proved resilient to competitive entries from discounters and conventional retailers alike. On average, our stores achieve profitability during the first year of operations, reach maturity in four to five years and realize a payback on investment within four years. We have doubled our store count since 2011 and, on average, our stores opened during this time period with at least four years of operating history have produced year-four cash-on-cash returns of over 40%, outperforming our underwriting hurdles. We believe that our broad customer appeal, differentiated value proposition and the predictable financial performance of our stores across vintages provide a high degree of visibility into the embedded earnings growth from our recently opened stores.

- ***Value-Oriented Brand Aligned with Favorable Consumer Trends.*** We believe that consumers' search for value is the new normal in retail. The success of off-price retailers represents a secular consumer shift toward value as a leading factor in purchasing decisions. Moreover, as Millennials mature and Baby Boomers age, they are increasingly focused on value, driving shopper traffic towards the deep discount channel. According to published research, between 1988 and 2016, traditional grocery retailers ceded over 45 percentage points of market share to non-traditional grocery stores, including convenience stores, wholesale clubs, supercenters, dollar stores, drug stores and discounters. These trends have continued even after the completion of recessionary

cycles, indicating that value remains a leading factor in consumers' retail purchasing decisions despite the return of stronger economic conditions. According to the National Retail Federation, 89% of all shoppers across geographies, household incomes, genders and age demographics, shop at discount retailers, including off-price, dollar, outlet and discount grocery stores. We have spent decades building our IO and opportunistic purchasing models to offer deep discounts in a customer-friendly store environment, which enables us to take advantage of this ongoing preference for value.

- ***Collaborative Company Culture Provides the Foundation for Continued Success***. One of our key competitive advantages is our culture of family and community values, grounded in integrity, entrepreneurship, performance and collaboration. We have been dedicated to our mission of "Touching Lives for the Better" since our inception. Our passion and commitment are shared by team members throughout the entire organization, from our IOs and their employees to our distribution centers and corporate offices. We are a third-generation, family-run business led by CEO Eric Lindberg and Vice Chairman MacGregor Read. Both Messrs. Lindberg and Read have been with Grocery Outlet for over 20 years and have instilled a "servant leadership" mentality that empowers employees and IOs and forms the basis of our highly collaborative culture. These values are shared by a seasoned and cohesive management team with an average of 22 years of retail industry experience and a focus on consistent, long-term growth.

Our Growth Strategies

We plan to continue to drive sales growth and profitability by maintaining a relentless focus on our value proposition and executing on the following strategies:

- ***Drive Comparable Sales Growth.*** We expect that our compelling value proposition will continue to attract new customers, drive repeat visits, increase basket sizes and, as a result, generate strong comparable store sales growth. We plan to:

  - ***Deliver More "WOW!" Deals and Expand Our Offerings.*** We intend to drive incremental traffic and increase our share of wallet by further leveraging our purchasing model. We continue to deepen existing and develop new supplier relationships to ensure that we are the preferred partner and the first call for opportunistic inventory. As a result, we believe there is a significant opportunity to source and offer more "WOW!" deals within existing and new product categories, thereby offering greater value and variety to customers. For example, in response to growing consumer preferences for fresh and healthy options, we have grown NOSH primarily through opportunistic purchasing to represent over 15% of our current product mix. More recently, we have expanded our offerings to include fresh seafood and grass-fed meat in order to increase sales to existing and new customers.

  - ***Support IOs in Enhancing the "WOW!" Customer Experience.*** We continue to implement operational initiatives to support IOs in enhancing the customer experience. We develop and improve tools that provide IOs with actionable insights on sales, margin and customer behavior, enabling them to further grow their business. Our recently enhanced inventory planning tools help IOs make better local assortment decisions while reducing out-of-stock items and losses related to product markdowns, throwaways and theft ("shrink"). We also regularly deploy updated fixtures, signage and enhanced in-store marketing to further improve the shopping experience, which we believe results in higher customer traffic and average basket sizes.

  - ***Increase Customer Awareness and Engagement.*** Our marketing strategy is focused on growing awareness, encouraging new customers to visit our stores and increasing engagement

with all bargain-minded consumers. Our recent emphasis on digital marketing is enabling us to deliver specific and real-time information to our customers about the most compelling "WOW!" deals at their local store. We have over one million email subscribers in our database, most of whom receive daily and weekly "WOW! Alerts." Along with our IOs, we have begun to utilize social media to increase our brand affinity and interact with customers more directly on a daily basis. Looking forward, we see an opportunity to further personalize our digital communications to both increase engagement with our existing customers and introduce new customers to our stores. We will continue to supplement our digital marketing with traditional print and broadcast advertising including through our new marketing campaign, "Welcome to Bargain Bliss."

- ***Execute on Store Expansion Plans.*** We believe the success of our stores across a broad range of geographies, population densities and demographic groups creates a significant opportunity to profitably increase our store count. Our new stores typically require an average net cash investment of approximately $2.0 million and realize a payback on investment within four years. In 2018, we opened 26 new stores and expect to open 32 new stores in 2019. Based on our experience, in addition to research conducted by eSite Analytics, we believe there is an opportunity to establish over 400 additional locations in the states in which we currently operate and approximately 1,600 additional locations when neighboring states are included. Our goal is to expand our store base by approximately 10% annually by penetrating existing and contiguous regions. Over the long term, we believe the market potential exists to establish 4,800 locations nationally.

- ***Implement Productivity Improvements to Reinvest in Our Value Proposition.*** Our seasoned management team has a proven track record of growing our business while maintaining a disciplined cost structure. Since the 2014 H&F Acquisition, we have made significant investments that have laid a solid foundation for future growth. For example, we recently implemented a new warehouse management system that has increased distribution labor productivity and improved store ordering capabilities to help reduce shrink. We have implemented and will continue to identify and implement productivity improvements through both operational initiatives and system enhancements, such as category assortment optimization, improved inventory management tools and greater purchasing specialization. We intend to reinforce our value proposition and drive further growth by reinvesting future productivity improvements into enhanced buying and selling capabilities.

Risks Related to Our Business

Investing in our common stock involves a high degree of risk. You should carefully consider these risks before investing in our common stock, including the risks related to our business and industry described under "Risk Factors" elsewhere in this prospectus. In particular, the following considerations, among others, may offset our competitive strengths or have a negative effect on our business strategy, which could cause a decline in the price of our common stock and result in a loss of all or a portion of your investment:

- failure of suppliers to consistently supply us with opportunistic products at attractive pricing;
- inability to successfully identify trends and maintain a consistent level of opportunistic products;
- failure to maintain or increase comparable store sales;
- failure to open, relocate or remodel stores on schedule;
- failure of our IOs to successfully manage their business;
- inability to attract and retain qualified IOs;
- the significant influence of the H&F Investor over us;
- our ability to generate cash flow to service our substantial debt obligations; and
- other factors set forth under "Risk Factors" in this prospectus.

Our Sponsor

Hellman & Friedman LLC ("H&F") is a leading private equity investment firm with offices in San Francisco, New York and London. Since its founding in 1984, H&F has raised over $50 billion of committed capital. The firm focuses on investing in outstanding businesses and serving as a value-added partner to management in select industries including retail & consumer, internet & media, software, financial services, business & information services, healthcare and industrials & energy. In 2014, an investment fund affiliated with H&F (the "H&F Investor") acquired approximately 80% of our common stock from Berkshire Partners (the "2014 H&F Acquisition"). After the completion of this offering, the H&F Investor will own approximately 63.8% of our outstanding common stock, or approximately 61.9% if the underwriters exercise in full their option to purchase additional shares. For a discussion of certain risks, potential conflicts and other matters associated with the H&F Investor's ownership of our common stock, see "Risk Factors—Risks Relating to this Offering and Ownership of Our Common Stock—We are controlled by the H&F Investor, whose interests may be different than the interests of other holders of our securities" and "Description of Capital Stock."

Capital Stock Changes Upon Completion of this Offering

Pursuant to the terms of our existing amended and restated certificate of incorporation, our capital stock consists of two series of common stock, our voting common stock and our nonvoting common stock, and our Series A Preferred Stock. Upon the completion of this offering, all shares of our non-voting common stock will be automatically converted into shares of our voting common stock on a one-for-one basis. In addition, upon the completion of this offering, we will redeem all of the Series A Preferred Stock for an aggregate of $1.00. The shares offered hereby are shares of our voting common stock. For more information about our capital stock, including the shares offered hereby, see "Description of Capital Stock."

Corporate Information

Grocery Outlet Holding Corp. was incorporated in Delaware on September 11, 2014. Our principal executive offices are located at 5650 Hollis Street, Emeryville, California 94608. Our telephone number is (510) 845-1999. Our website address is www.groceryoutlet.com. Information contained on, or that can be accessed through, our website does not constitute part of this prospectus, and inclusions of our website address in this prospectus are inactive textual references only.

Trademarks and Service Marks

We own or have rights to certain brand names, trademarks and services marks that we use in conjunction with the operation of our business. In addition, our name and logo are our trademarks or service marks. One of the more important trademarks that we use is Grocery Outlet Bargain Market™. This prospectus contains additional trademarks, trade names and service marks of other companies. We do not intend our use or display of other companies' trademarks, trade names or service marks to imply relationships with, or endorsement or sponsorship of us by, these other companies.

Market, Industry and Other Data

This prospectus contains statistical data that we obtained from industry publications and reports. These publications generally indicate that they have obtained their information from sources believed to be reliable.

The Offering

Common stock offered by us	17,187,500 shares.
Common stock to be outstanding immediately after this offering	85,703,639 shares.
Option to purchase additional shares	The underwriters have been granted an option to purchase up to 2,578,125 additional shares of common stock from us at any time within 30 days from the date of this prospectus.
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting assumed underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $249.8 million, based on the assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus. We intend to use the net proceeds received by us from this offering to repay the term loan outstanding under our second lien credit agreement (our "Second Lien Credit Agreement") and any remainder to repay a portion of the term loan outstanding under our first lien credit agreement (our "First Lien Credit Agreement," and together with our Second Lien Credit Agreement, our "Credit Facilities"). See "Use of Proceeds."
Conflicts of interest	An affiliate of Goldman Sachs & Co. LLC held a portion of the outstanding balance of our term loan under the Second Lien Credit Agreement in the aggregate amount of $13.3 million as of June 7, 2019, and, as a result, will receive at least 5% of the proceeds from this offering. See "Use of Proceeds." Because of the manner in which the proceeds will be used, the offering will be conducted in accordance with Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5121. In accordance with that rule, no "qualified independent underwriter" is required because the underwriters primarily responsible for managing this offering are free of any conflict of interest, as that term is defined in the rule.
Risk factors	See "Risk Factors" and the other information included in this prospectus for a discussion of the factors you should consider carefully before deciding to invest in our common stock.
Dividend policy	We currently do not intend to declare any dividends on our common stock in the foreseeable future. Our ability to pay dividends on our common stock is limited by the covenants of the credit agreements governing our Credit Facilities. See "Dividend Policy."
Controlled company	After the completion of this offering, the H&F Investor will continue to own a majority of the voting power of our outstanding common stock. As a result, we will be a "controlled company" within the meaning of the Nasdaq corporate governance standards.

Directed share program	At our request, the underwriters have reserved up to 859,375 shares of common stock, or up to 5% of the shares offered by this prospectus, for sale at the initial public offering price through a directed share program to our directors, officers, employees, independent operators, business associates and related persons. The sales will be made at our direction by Morgan Stanley & Co. LLC and its affiliates through a directed share program. The number of shares of our common stock available for sale to the general public in this offering will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of common stock offered by this prospectus. Participants in the directed share program will not be subject to lockup or market standoff restrictions with the underwriters or with us with respect to any shares purchased through the directed share program, except in the case of shares purchased by any director or executive officer. For additional information, see "Underwriting (Conflicts of Interest)—Reserved Shares."
Proposed Nasdaq symbol	"GO"

Except as otherwise indicated, all information in this prospectus:

- assumes no exercise by the underwriters of their option to purchase up to 2,578,125 additional shares of common stock from us;
- assumes the conversion of all of our outstanding nonvoting common stock into voting common stock on a one-to-one basis;
- assumes the redemption of all of our outstanding Series A Preferred stock;
- assumes the effectiveness, at the time of this offering, of our amended and restated certificate of incorporation and our amended and restated bylaws, the forms of which are filed as exhibits to the registration statement of which this prospectus is a part;
- assumes an initial public offering price of $16.00 per share, the midpoint of the price range set forth on the front cover of this prospectus;
- assumes a 1.403 for 1 forward stock split effected on June 6, 2019;
- does not reflect the increase in our authorized voting common stock to 482,536,214 shares effected on June 6, 2019;
- does not reflect 70,292 shares of common stock underlying 70,292 restricted stock units that were outstanding as March 30, 2019;
- does not reflect (1) 5,827,808 shares of common stock issuable upon the exercise of time-based options to purchase shares of our common stock outstanding as of March 30, 2019 with a weighted average exercise price of $7.57 per share, (2) 5,823,352 shares of common stock issuable upon the exercise of performance-based options to purchase shares of our common stock outstanding as of

March 30, 2019 with a weighted average exercise price of $4.44 per share, and which have not previously vested, will not vest upon the consummation of this offering and are eligible to vest only if and when the H&F Investor has achieved specified internal rates of return with respect to its investment in the Company and (3) 1,364,348 shares of common stock issuable upon the exercise of time-based options to purchase shares of common stock with an exercise price equal to the initial public offering price in this offering (785,680 of which were granted to our executive officers) and 161,221 shares of common stock underlying restricted stock units (none of which were granted to our executive officers and 22,448 of which were granted to certain of our non-employee directors), all of which were granted on June 4, 2019 under our 2019 Incentive Plan (as defined elsewhere in this prospectus) and will be effective on the pricing of this offering, with respect to options, and upon the effectiveness of our Form S-8, with respect to restricted stock units; and

- does not reflect 3,072,293 shares of common stock available for future issuance under our 2019 Incentive Plan.

Summary Consolidated Financial Data

The following table sets forth the summary consolidated financial data of the Company for the periods presented. The summary consolidated financial data for the fiscal years 2016, 2017 and 2018, all of which contained 52 weeks, are derived from our audited consolidated financial statements and the related notes appearing elsewhere in this prospectus. The summary consolidated financial data for the first quarters 2018 and 2019 and the summary balance sheet data as of March 30, 2019 are derived from our unaudited condensed consolidated financial statements and the related notes appearing elsewhere in this prospectus. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

The summary consolidated financial data set forth below should be read in conjunction with "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. Some of the financial data contained in this prospectus reflects the effects of, and may not total due to, rounding.

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2016	December 30, 2017	December 29, 2018	March 31, 2018	March 30, 2019
	(in thousands, except per share data)				
Statement of Operations Data:					
Net sales	$1,831,531	$2,075,465	$2,287,660	$550,558	$606,271
Cost of sales	1,270,354	1,443,582	1,592,263	381,989	419,254
Gross profit	561,177	631,883	695,397	168,569	187,017
Operating Expenses:					
Selling, general and administrative expenses	457,051	510,136	557,100	136,736	152,854
Depreciation and amortization expenses	37,152	43,152	45,421	11,178	12,296
Stock-based compensation expenses	2,905	1,659	10,409	134	211
Total operating expenses	497,108	554,947	612,930	148,048	165,361
Income from operations	64,069	76,936	82,467	20,521	21,656
Other Expense:					
Interest expense, net	47,147	49,698	55,362	12,912	16,438
Debt extinguishment and modification costs	—	1,466	5,253	—	—
Total other expense	47,147	51,164	60,615	12,912	16,438
Income before income taxes	16,922	25,772	21,852	7,609	5,218
Income tax expense	6,724	5,171	5,984	2,084	1,444
Net income	$ 10,198	$ 20,601	$ 15,868	$ 5,525	$ 3,774
Per Share Data:					
Net income per share (basic and diluted)					
Basic	$ 0.15	$ 0.30	$ 0.24	$ 0.08	$ 0.06
Diluted	$ 0.15	$ 0.30	$ 0.23	$ 0.08	$ 0.06
Weighted average shares outstanding (basic and diluted)					
Basic	68,260	68,232	68,473	68,468	68,514
Diluted	68,323	68,332	68,546	68,516	68,553
Statement of Cash Flows Data:					
Net cash provided by operating activities	$ 70,875	$ 84,703	$ 105,811	$ 31,545	$ 22,240
Net cash used in investing activities	(65,416)	(77,820)	(73,550)	(15,277)	(19,997)
Net cash used in financing activities	(4,328)	(7,935)	(16,999)	(1,424)	(3,710)

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2016	December 30, 2017	December 29, 2018	March 31, 2018	March 30, 2019
			(dollars in thousands)		
Other Financial and Operations Data:					
Number of new stores	29	29	26	3	8
Number of stores open at end of period	265	293	316	296	323
Comparable store sales growth (1)	3.6%	5.3%	3.9%	4.5%	4.2%
Gross margin	30.6%	30.4%	30.4%	30.6%	30.8%
Cash rent expense	$ 62,805	$ 70,123	$ 78,058	$ 18,859	$ 21,083
EBITDA (2)	$ 101,221	$ 118,622	$ 124,271	$ 32,056	$ 34,505
Adjusted EBITDA (2)	$ 123,415	$ 136,319	$ 153,578	$ 36,112	$ 39,123
Adjusted net income (2)	$ 33,765	$ 48,655	$ 49,308	$ 11,552	$ 9,947

	As of March 30, 2019	
	Actual	As Adjusted (5)
	(in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 19,596	$ 19,479
Working capital (3)	63,000	63,000
Total assets	2,059,912	2,059,795
Total debt (4)	854,656	610,042
Total liabilities	1,756,061	1,511,330
Total stockholders' equity	303,851	548,465
Total liabilities and stockholders' equity	2,059,912	2,059,795

(1) Comparable store sales consist of sales from our stores beginning on the first day of the fourteenth full fiscal month following the store's opening, which is when we believe comparability is achieved. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors and Measures We Use to Evaluate Our Business—Comparable Store Sales"

(2) Adjusted EBITDA is defined as net income (loss) before interest expense, taxes, depreciation and amortization ("EBITDA") and other adjustments noted in the table below. Adjusted net income is defined as net income (loss) before the adjustments noted in the table below. We believe that the presentation of EBITDA, adjusted EBITDA and adjusted net income are useful to investors because they are frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We use EBITDA, adjusted EBITDA and adjusted net income to supplement United States Generally Accepted Accounting Principles ("GAAP") measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions and to compare our performance against that of other peer companies using similar measures. In addition, we use EBITDA to supplement GAAP measures of performance to evaluate our performance in connection with compensation decisions. Management believes it is useful to investors and analysts to evaluate these non-GAAP measures on the same basis as management uses to evaluate our operating results.

EBITDA, adjusted EBITDA and adjusted net income are non-GAAP measures and may not be comparable to similar measures reported by other companies. EBITDA, adjusted EBITDA and adjusted net income have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. We address the limitations of the non-GAAP measures through the use of various GAAP measures. In the future we may incur expenses or charges such as those added back to calculate adjusted EBITDA or adjusted net income. Our presentation of adjusted EBITDA and adjusted net income should not be construed as an inference that our future results will be unaffected by these items. For further discussion of EBITDA, adjusted EBITDA and adjusted net income and for reconciliations of EBITDA, adjusted EBITDA and adjusted net income to net income, the most directly comparable GAAP

measure, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

The following table provides a reconciliation from our net income to EBITDA and adjusted EBITDA and our net income to adjusted net income for the fiscal years 2016, 2017 and 2018 and the first quarters 2018 and 2019.

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2016	December 30, 2017	December 29, 2018	March 31, 2018	March 30, 2019
			(in thousands)		
Net income	$ 10,198	$ 20,601	$ 15,868	$ 5,525	$ 3,774
Interest expense, net	47,147	49,698	55,362	12,912	16,438
Income tax expense	6,724	5,171	5,984	2,084	1,444
Depreciation and amortization expenses	37,152	43,152	47,057	11,535	12,849
EBITDA	101,221	118,622	124,271	32,056	34,505
Stock-based compensation expenses (a)	2,905	1,659	10,409	134	211
Debt extinguishment and modification costs (b)	—	1,466	5,253	—	—
Non-cash rent (c)	8,451	8,401	7,903	1,840	1,862
Asset impairment and gain or loss on disposition (d)	519	549	1,306	(52)	182
New store pre-opening expenses (e)	2,580	1,807	1,555	270	421
Rent for acquired leases (f)	2,388	72	—	—	—
Provision for accounts receivable reserves (g)	4,018	3,004	749	1,538	1,483
Other (h)	1,333	739	2,132	326	459
Adjusted EBITDA	$ 123,415	$ 136,319	$ 153,578	$ 36,112	$ 39,123

	Fiscal Year Ended			Fiscal Quarter Ended	
	December 31, 2016	December 30, 2017	December 29, 2018	March 31, 2018	March 30, 2019
			(in thousands)		
Net income	$ 10,198	$ 20,601	$ 15,868	$ 5,525	$ 3,774
Stock-based compensation expenses (a)	2,905	1,659	10,409	134	211
Debt extinguishment and modification costs (b)	—	1,466	5,253	—	—
Non-cash rent (c)	8,451	8,401	7,903	1,840	1,862
Asset impairment and gain or loss on disposition (d)	519	549	1,306	(52)	182
New store pre-opening expenses (e)	2,580	1,807	1,555	270	421
Rent for acquired leases (f)	2,388	72	—	—	—
Provision for accounts receivable reserves (g)	4,018	3,004	749	1,538	1,483
Other (h)	1,333	739	2,132	327	459
Amortization of purchase accounting assets and deferred financing costs (i)	16,914	17,399	16,744	4,243	3,916
Tax effect of total adjustments (j)	(15,541)	(7,042)	(12,611)	(2,273)	(2,361)
Adjusted net income	$ 33,765	$ 48,655	$ 49,308	$ 11,552	$ 9,947

(a) Represents non-cash stock compensation expense of $0.3 million in 2016, $0.4 million in each of 2017 and 2018 and $0.1 million in each of first quarter 2018 and 2019, with the remainder representing dividend cash payments made in respect of vested options as a result of dividends declared in connection with our 2016 Recapitalization (as defined elsewhere in this prospectus) and our 2018 Recapitalization (as defined elsewhere in this prospectus). We expect to pay an additional $4.3 million in the aggregate on options as they vest in respect of such dividends, of which $3.5 million is expected to be paid in the remainder of fiscal year 2019.

(b) Represents debt extinguishment and modification costs related to the write-off of debt issuance costs and non-capitalizable expenses related to the repricing of our first and second lien credit facilities in June 2017 and the modification of our first and second lien credit facilities in connection with our 2018 Recapitalization.

(c) Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments. The adjustment can vary depending on the average age of our lease portfolio, which has been impacted by our significant growth in recent years.

(d) Represents impairment charges with respect to planned store closures and gains or losses on dispositions of assets in connection with store transitions to new IOs.

(e) Includes marketing, occupancy and other expenses incurred in connection with store grand openings, including costs that will be the IO's responsibility after store opening.

(f) Represents cash occupancy expenses on leases acquired from Fresh & Easy Inc. in 2015 for the periods prior to opening new stores on such sites (commonly referred to as "dead rent").

(g) Represents non-cash changes in reserves related to our IO notes and accounts receivable.

(h) Other non-recurring, non-cash or discrete items as determined by management, including personnel-related costs, strategic project costs, legal expenses, transaction-related costs and miscellaneous costs.

(i) Represents amortization of debt issuance costs and incremental amortization of an asset step-up resulting from purchase price accounting related to the 2014 H&F Acquisition which included trademarks, customer lists and below-market leases.

(j) Represents the tax effect of the total adjustments at our estimated effective tax rate.

(3) Working capital is defined as current assets minus current liabilities.

(4) Total debt consists of the current and long-term portions of our total debt outstanding, net of debt discount and debt issuance costs. Total gross debt outstanding was $873.2 million (actual) and $623.4 million (as adjusted) as of March 30, 2019.

(5) The as adjusted balance sheet data as of March 30, 2019 gives effect to (i) the sale by us of 17,187,500 shares of our common stock in this offering based on an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, after deducting assumed underwriting discounts and commissions and estimated offering expenses payable by us and (ii) the application of the estimated net proceeds from the offering to repay the outstanding term loan under our Second Lien Credit Agreement and the remainder, together with cash on hand, to repay a portion of the outstanding term loan under our First Lien Credit Agreement, as described in “Use of Proceeds.”

A $1.00 increase or decrease in an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would not significantly increase or decrease, as applicable, cash and cash equivalents, working capital, total assets or total liabilities and stockholders’ equity, and would decrease or increase, as applicable, total debt and total liabilities by $16.1 million, and would increase or decrease, as applicable, total stockholders’ equity by $16.1 million, assuming, in each case, the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting assumed underwriting discounts and commissions and the estimated offering expenses payable by us. An increase or decrease of 100,000 shares in the number of shares sold in this offering by us would not significantly increase or decrease, as applicable, cash and cash equivalents, working capital, total assets or total liabilities and stockholders’ equity, and would decrease or increase, as applicable, total debt and total liabilities by $1.5 million, and would increase or decrease, as applicable, total stockholders’ equity by $1.5 million, assuming, in each case, an initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting assumed underwriting discounts and commissions and the estimated offering expenses payable by us. The above assumes that any resulting change in net proceeds increase or decreases, as applicable, the amount of used to repay indebtedness as described in “Use of Proceeds.”

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors together with other information in this prospectus, including our consolidated financial statements and related notes included elsewhere in this prospectus, before deciding whether to invest in shares of our common stock. The occurrence of any of the events described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the trading price of our common stock may decline and you may lose all or part of your investment.

Risks Related to Our Business

We depend on suppliers to consistently supply us with opportunistic products at attractive pricing, and any failure to procure such products could result in material adverse effects on our business, product inventories, sales and profit margins.

Our business is dependent on our ability to strategically source a sufficient volume and variety of opportunistic products at attractive pricing. While opportunistic buying, operating with appropriate inventory levels and frequent inventory turns are key elements of our business strategy, they subject us to risks related to the pricing, quantity, mix, quality and timing of inventory flowing to our stores. We do not have significant control over the supply, cost or availability of many of the products offered for sale in our stores. Shortages or disruptions in the availability of quality products that excite our customers could have a material adverse effect on our business, financial condition and results of operations.

All of our inventory is acquired through purchase orders and we generally do not have long-term contractual agreements with our suppliers that obligate them to provide us with products exclusively or at specified quantities or prices, or at all. As a result, any of our current suppliers may decide to sell products to our competitors and may not continue selling products to us. In order to retain our competitive advantage, we need to continue to develop and maintain relationships with qualified suppliers that can satisfy our standards for quality and our requirements for delivery of products in a timely and efficient manner at attractive prices. The need to develop new relationships will be particularly important as we seek to expand our operations and enhance our product offerings in the future.

While we have not experienced any difficulty in obtaining sufficient quantities of product to date, manufacturers and distributors of name-brand products have become increasingly consolidated. Further consolidation of manufacturers or distributors could reduce our supply options and detrimentally impact the terms under which we purchase products. If one or more of our existing significant suppliers were to be unable or unwilling to continue providing products to us on attractive terms, we may have difficulty obtaining alternative sources. We cannot assure you that we would be able to find replacement suppliers on commercially reasonable terms, which would have a material adverse effect on our financial condition, results of operations and cash flows. The loss of one or more of our existing significant suppliers or our inability to develop relationships with new suppliers could reduce our competitiveness, slow our plans for further expansion and cause our sales and operating results to be materially adversely affected.

Our suppliers (and those they depend upon for materials and services) are subject to risks, including labor disputes, union organizing activities, financial liquidity, inclement weather, natural disasters, supply constraints and general economic and political conditions that could limit their ability to provide us with quality products. These risks may delay or preclude delivery of product to us on a timely basis or at all.

We may not be able to successfully identify trends and maintain a consistent level of opportunistic products which could have a material adverse effect on our business, financial condition and results of operations.

Consumer preferences often change rapidly and without warning. We may not successfully address consumer trends or be able to acquire desirable products at discounts that excite our customers, which could add

difficulty in attracting new customers and retaining existing customers and encouraging frequent visits. We generally make individual purchase decisions for products that become available, and these purchases may be for large quantities that we may not be able to sell on a timely or cost-effective basis. Some of our products are sourced from suppliers at significantly reduced prices for specific reasons, and we are not always able to purchase specific products on a recurring basis. To the extent that some of our suppliers are better able to manage their inventory levels and reduce the amount of their excess inventory, the amount of over-stock and short-dated products available to us could also be materially reduced, making it difficult to deliver products to our customers at attractive prices. Maintaining adequate inventory of quality, name-brand products requires significant attention and monitoring of market trends, local markets and developments with suppliers and our distribution network, and it is not certain that we or our IOs will be effective in inventory management.

We base our purchases of inventory, in part, on our sales forecasts. If our sales forecasts overestimate customer demand, we may experience higher inventory levels and need to take markdowns on excess or slow-moving inventory, leading to decreased profit margins. Conversely, if our sales forecasts underestimate customer demand, we may have insufficient inventory to meet demand, leading to lost sales, either of which could materially adversely affect our financial performance.

Our success depends on our ability and the ability of our IOs to maintain or increase comparable store sales, and if we are unable to achieve comparable store growth, our profitability and performance could be materially adversely impacted.

Our IOs are responsible for store operations. Our success depends on increasing comparable store sales through our opportunistic purchasing strategy and the ability of our IOs to increase sales and profits. To increase sales and profits, and therefore comparable store sales growth, we and our IOs focus on delivering value and generating customer excitement by strengthening opportunistic purchasing, optimizing inventory management, maintaining strong store conditions and effectively marketing current products and new product offerings. We may not be able to maintain or improve the levels of comparable store sales that we have experienced in the past, and our comparable store sales growth is a significant driver of our profitability and overall business results. In addition, competition and pricing pressures from competitors may also materially adversely impact our operating margins. Our comparable store sales growth could be lower than our historical average or our future target for many reasons, including general economic conditions, operational performance, including by our IOs, price inflation or deflation, industry competition, new competitive entrants near our stores, price changes in response to competitive factors, the impact of new stores entering the comparable store base, cycling against any year or quarter of above-average sales results, possible supply shortages or other operational disruptions, the number and dollar amount of customer transactions in our stores, our ability to provide product or service offerings that generate new and repeat visits to our stores and the level of customer engagement that we and our IOs provide in our stores. In addition, we may not accurately model cannibalization for our new stores. Opening new stores in our established markets may result in inadvertent oversaturation, temporarily or permanently diverting customers and sales from our existing stores to new stores and reduce comparable store sales, thus adversely affecting our overall financial performance. These factors may cause our comparable store sales results to be materially lower than in recent periods, which could harm our profitability and business.

Because we compete to a substantial degree on price, changes affecting the market prices of the products we sell, including due to inflation or deflation or worsening economic conditions, could materially adversely affect our financial condition and operating results.

A critical differentiator of our business is our ability to offer value to our customers, including offering prices that are substantially below those offered by some of our competitors. We carefully monitor the market prices of our products in order to maintain our price advantage and reputation. If prices of goods increase and our suppliers seek price increases from us, we may not be able to mitigate such increases and would consider setting a higher price, which could deter customers. If our competitors substantially lower their prices, we may lose customers and mark down prices. Our profitability may be impacted by lower prices, which may impact gross

margins. We may also experience reduced sales as a result of a decline in the number and average basket size of customer transactions.

In addition, the market price of the products we sell can be influenced by general economic conditions. For example, general deflation in the prices of the products we sell could cause us and our IOs to mark down prices and thereby reduce our gross profits and gross margins. Adverse general economic conditions could also increase costs to us, such as shipping rates, freight costs and store occupancy costs and further reduce our sales or increase our cost of goods sold or selling, general and administrative expenses. Our low-price model and competitive pressures may inhibit our ability to reflect these increased costs in the prices of our products, and therefore reduce our profitability and materially adversely affect our business, financial condition and results of operations.

If we cannot open, relocate or remodel stores on schedule, it could have a material adverse impact on our business, future growth and financial condition.

Our growth strategy largely depends on our ability to identify and open future store locations and relocate or remodel existing store locations in new and existing markets. We opened 29 and 26 new stores in 2017 and 2018, respectively. Our ability to open stores in a timely manner depends in part on the following factors: the ability to attract and develop potential IOs; the availability of attractive store locations and rent prices; the absence of entitlement processes or occupancy delays; the ability to negotiate acceptable lease and development terms; our relationships with current and prospective landlords; the ability to secure and manage the inventory necessary for the launch and operation of new stores; general economic conditions; and the availability of capital funding for expansion. Any or all of these factors and conditions could materially adversely affect our growth and profitability.

Based on our experience and research conducted for us by eSite Analytics, we believe there is an opportunity to establish over 400 additional locations in the states in which we currently operate and approximately 1,600 additional locations when neighboring states are included. Over the long term, we believe the market potential exists to establish 4,800 locations nationally. We have 32 store openings planned for 2019, and our goal is to expand our store base by approximately 10% annually over the next several years. However, we cannot assure you that we will achieve this level of new store growth. We may not have the level of cash flow or financing necessary to support our growth strategy. Additionally, our proposed expansion will place increased demands on our operational, managerial and administrative resources. These increased demands could cause us to operate our existing business less efficiently, which in turn could cause deterioration in the financial performance of our existing stores. If we experience a decline in performance, we may slow or discontinue store openings, or we may decide to close stores that are unable to operate in a profitable manner. If we fail to successfully implement our growth strategy, including by opening new stores, our financial condition and operating results may be adversely affected.

Delays or failures in opening new stores or completing relocations or remodels could materially adversely affect our growth and/or profitability. Additionally, new stores might not always align with our expectations in terms of sales or capital expenditures and we may not achieve projected results.

Our newly opened stores may negatively impact our financial results in the short-term and may not achieve sales and operating levels consistent with our more mature stores on a timely basis or at all.

We have actively pursued new store growth, including in new markets, and plan to continue doing so in the future. Our new store openings may not be successful or reach the sales and profitability levels of our existing stores. Some new stores may be located in areas with different competitive and market conditions as well as different customer discretionary spending patterns than our existing markets. Some new stores and future new store opportunities may be located in new geographic areas where we have limited or no meaningful experience or brand recognition. We may experience a higher cost of entry in those markets as we build brand awareness

and drive customers to incorporate us into their shopping habits. For example, in Southern California our IOs have experienced slower growth and profitability than our existing stores as they continue to build brand awareness in the market.

New store openings may negatively impact our financial results in the short-term due to the effect of store opening costs and lower sales and contribution to overall profitability during the initial period following opening. New stores, particularly those in new markets, build their sales volume, brand recognition and customer base over time and, as a result, generally have lower margins and higher operating expenses as a percentage of sales than our more mature stores. New stores may not achieve sustained sales and operating levels consistent with our more mature store base on a timely basis or at all. This lack of performance may have a material adverse effect on our financial condition and operating results.

We may not anticipate all of the challenges imposed by the expansion of our operations into new geographic markets. We may not manage our expansion effectively, and our failure to achieve or properly execute our expansion plans could limit our growth or have a material adverse effect on our business, financial condition and results of operations. Further, we have experienced in the past, and expect to experience in the future, some sales cannibalization of our existing stores to our new stores. As some of our existing customers switch to new, closer locations within markets, our financial condition and operating results may be materially adversely affected.

Economic conditions and other economic factors may materially adversely affect our financial performance and other aspects of our business by negatively impacting our customers' disposable income or discretionary spending, increasing our costs and expenses, affecting our ability to plan and execute our strategic initiatives, and materially adversely affecting our sales, results of operations and performance.

General conditions in the United States and global economy that are beyond our control may materially adversely affect our business and financial performance. While we have not previously been materially adversely affected by periods of decreased consumer spending, any factor that could materially adversely affect the disposable income of our customers could decrease our customers' spending and number of trips to our stores, which could result in lower sales, increased markdowns on products, a reduction in profitability due to lower margins and may require increased selling and promotional expenses. These factors include but are not limited to unemployment, minimum wages, inflation and deflation, trade wars and interest and tax rates.

Many of the factors identified above also affect commodity rates, transportation costs, costs of labor, insurance and healthcare, the strength of the U.S. dollar, lease costs, measures that create barriers to or increase the costs associated with international trade, changes in laws, regulations and policies and other economic factors, all of which may impact our cost of goods sold and our selling, general and administrative expenses, which could materially adversely affect our business, financial condition and results of operations. These factors could also materially adversely affect our ability to plan and execute our strategic initiatives, invest in and open new stores, prevent current stores from closing, and may have other material adverse consequences which we are unable to fully anticipate or control, all of which may materially adversely affect our sales, cash flow, results of operations and performance. We have limited or no ability to control many of these factors.

Food retailers provide alternative options for consumers and compete aggressively to win those consumers; our failure to offer a compelling value proposition to consumers could limit our growth opportunities and materially adversely impact our financial performance.

The retail food industry includes mass and discount retailers, warehouse membership clubs, online retailers, conventional grocery stores and specialty stores. These businesses provide alternative options for the consumers whom we aim to serve. Our success relative to these retailers is driven by a combination of factors, primarily product selection and quality, price, location, customer engagement and store format. Our success depends on our ability to differentiate ourselves and provide value to our customers, and our failure to do so may

negatively impact our sales. To the extent that other food retailers lower prices or run promotions, our ability to maintain profit margins and sales levels may be negatively impacted. We and our IOs may have to increase marketing expense to attract customers, and may have to mark down prices to be competitive and not lose market share. This limitation may materially adversely affect our margins and financial performance.

Competition for customers has intensified as other discount food retailers, such as WinCo and Aldi, have moved into, or increased their presence in, our geographic and product markets. We expect this competition to continue to increase. In addition, we experience high levels of competition when we enter new markets. Some of the other food retailers may have been in the region longer and may benefit from enhanced brand recognition in such regions. For example, we recently expanded in Southern California and, as of March 30, 2019, had 64 stores in that area. Our new stores in this market are competing against more established retailers. Some food retailers may have greater financial or marketing resources than our IOs do and may be able to devote greater resources to sourcing, promoting and selling their products than our IOs. As competition in certain regions intensifies, or we move into new regions or other food retailers open stores in close proximity to our stores, our results of operations and cash flows may be negatively impacted through a loss of sales, decrease in market share, reduction in margin from competitive price changes or greater operating costs.

We may not be able to retain the loyalty of our customers, the failure of which could have a material adverse effect on our business, financial condition and results of operations.

We depend on repeat visits by our customer base to drive our consistent sales and sales growth. Our average customer typically shops two times per month at our stores and spends over $25 per transaction. Competition for customers has also intensified from the use of mobile and web-based technology that facilitates online shopping and real-time product and price comparisons. We expect this competition to continue to increase. We do not maintain a loyalty program for customers, and our competitors may be able to offer their customers promotions or loyalty program incentives that could result in fewer shopping trips to or purchases from our stores. If we are unable to retain the loyalty of our customers, our sales could decrease and we may not be able to grow our store base as planned, which could have a material adverse effect on our business, financial condition and results of operations.

Our success depends upon our marketing, advertising and promotional efforts. If costs associated with these efforts increase, or if we are unable to implement them successfully, it could have a material adverse effect on our business, financial condition and results of operations.

We use marketing and promotional programs to attract customers into our stores and to encourage purchases. If we are unable to develop and implement effective marketing, advertising and promotional strategies, we may be unable to achieve and maintain brand awareness and repeat store visits. We may not be able to advertise cost effectively in new or smaller markets in which we have fewer stores, which could slow growth at such stores. Changes in the amount and degree of promotional intensity or merchandising strategies by our competitors could cause us to have difficulties in retaining existing customers and attracting new customers. If the efficacy of our marketing or promotional activities declines or if such activities of our competitors are more effective than ours, it could have a material adverse effect on our business, financial condition and results of operations.

If we fail to maintain our reputation and the value of our brand, including protection of our intellectual property, our sales and operating results may decline.

We believe our continued success depends on our ability to maintain and grow the value of our brand. Brand value is based in large part on perceptions of subjective qualities. Even isolated incidents involving our company, our IOs and their employees, suppliers, agents or third-party service providers, or the products we sell can erode trust and confidence. This is particularly the case if they result in adverse publicity, governmental investigations or litigation. The reputation of our company and our brand may be damaged in all, one or some of

the markets in which we do business, by adverse events at the corporate level or by an IO acting outside of Grocery Outlet's brand standards. Similarly, challenges or reactions to action (or inaction) or perceived action (or inaction), by us on issues like social policies, merchandising, compliance related to social, product, labor and environmental standards or other sensitive topics, and any perceived lack of transparency about such matters, could harm our reputation, particularly as expectations of companies and of companies' corporate responsibility may continue to change. The increasing use of social media platforms and online forums may increase the chance that an adverse event could negatively affect the reputation of our brand. The online dissemination of negative information about our brand, including inaccurate information, could harm our reputation, business, competitive advantage and goodwill. Damage to our reputation could result in declines in customer loyalty and sales, affect our supplier relationships, business development opportunities and IO retention, divert attention and resources from management, including by requiring responses to inquiries or additional regulatory scrutiny, and otherwise materially adversely affect our results. Our brand could be materially adversely affected if our public image or reputation were to be tarnished by negative publicity.

We regard our intellectual property, including trademarks and service marks, as having significant value, and our brand is an important factor in the marketing of our stores. We monitor and protect against activities that might infringe, dilute or otherwise violate our trademarks and other intellectual property and rely on trademark and other laws of the United States, but we may not be able or willing to successfully enforce our trademarks or intellectual property rights against competitors or challenges by others. For example, we are aware of certain companies in jurisdictions where we do not currently operate using the term "GROCERY OUTLET." Moreover, we have disclaimed the terms "GROCERY OUTLET" and "MARKET" with respect to our "GROCERY OUTLET BARGAIN MARKET" trademarks, among other disclaimed terms with respect to our registered trademarks and trademark applications. If a third party uses such disclaimed terms in its trademarks, we cannot object to such use. If we fail to protect our trademarks or other intellectual property rights, others may copy or use our trademarks or intellectual property without authorization, which may harm the value of our brand, reputation, competitive advantages and goodwill and adversely affect our financial condition, cash flows or results of operations. The value of our intellectual property could diminish if others assert rights in or ownership of our trademarks and other intellectual property rights, or trademarks that are similar to our trademarks. We may be unable to successfully resolve these types of conflicts to our satisfaction. Additionally, adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets or other intellectual property. We are susceptible to others infringing, misappropriating or otherwise violating our intellectual property rights. Actions we have taken to establish and protect our intellectual property rights may not be adequate to prevent copying of our intellectual property by others or to prevent others from seeking to invalidate our trademarks as a violation of the trademarks and intellectual property rights of others. In addition, unilateral actions in the U.S. or other countries, including changes to or the repeal of laws recognizing trademark or other intellectual property rights, could have an impact on our ability to enforce those rights.

There may in the future be opposition and cancellation proceedings from time to time with respect to some of our intellectual property rights. In some cases, litigation may be necessary to protect or enforce our trademarks and other intellectual property rights. Furthermore, third parties may assert intellectual property claims against us, and we may be subject to liability, required to enter into costly license agreements, if available at all, required to rebrand our products and/or prevented from selling some of our products if third parties successfully oppose or challenge our trademarks or successfully claim that we infringe, misappropriate or otherwise violate their trademarks, copyrights, patents or other intellectual property rights. Bringing or defending any such claim, regardless of merit, and whether successful or unsuccessful, could be expensive and time-consuming and have a negative effect on our business, reputation, results of operations and financial condition.

Any significant disruption to our distribution network, the operations of our distributions centers and our timely receipt of inventory could materially adversely impact our operating performance.

We rely on our distribution and transportation network, including by means of truck, ocean and rail to provide goods to our distribution centers and stores in a timely and cost-effective manner. We use three primary

leased distribution centers that we operate and four primary distribution centers operated by third-parties. Deliveries to our stores occur from our distribution centers or directly from our suppliers. Any disruption, unanticipated or unusual expense or operational failure related to this process could affect store operations negatively. For example, delivery delays or increases in transportation costs (including through increased fuel costs, increased carrier rates or driver wages as a result of driver shortages, a decrease in transportation capacity, or work stoppages or slowdowns) could significantly decrease our ability to generate sales and earn profits. In addition, events beyond our control, such as disruptions in operations due to fire or other catastrophic events or labor disagreements, may result in delays in the delivery of merchandise to our stores. While we maintain business interruption insurance, in the event our distribution centers are shut down for any reason, such insurance may not be sufficient, and any related insurance proceeds may not be timely paid to us. Furthermore, there can be no guarantee that we will be able to renew the leases or third-party distribution and transportation contracts, as applicable, on our distribution centers on attractive terms or at all, which may increase our expenses and cause temporary disruptions in our distribution network.

As we expand, effectively managing our distribution network and distribution centers becomes more complex. Our new store locations receiving shipments may be further away from our distribution centers, which may increase transportation costs and may create transportation scheduling strains, or may require us to add additional facilities to the network.

If consumer trends move toward private label and away from name-brand products, our competitive position in the market may weaken and our sales may be materially adversely affected.

Our business model has traditionally relied on the sale of name-brand products at meaningful discounts. Consumer acceptance of, and even preference for, private label products has been increasing, however, and a trend away from name-brand products could weaken our competitive position in the market. Private label products tend to be lower priced than name-brand products and, as a result, we may have more difficulty competing against private label products on the basis of price. While we may invest more in the future in developing our own private labels, there can be no assurance that the performance of any such private label products would be sufficient to offset the potential decreased sales of name-brand products. In addition, if we invest in expanding our private label products, we will need to make significant investments in developing effective quality control procedures. Any failure to appropriately address some or all of these risks could have a material adverse effect on our sales, business, results of operations and financial condition.

We will require significant capital to fund our expanding business. If we are unable to maintain sufficient levels of cash flow from our operations, we may not be able to execute or sustain our growth strategy or we may require additional financing, which may not be available to us on satisfactory terms or at all.

To support our expanding business and execute our growth strategy, we will need significant amounts of capital, including funds to pay our lease obligations, build out new stores and distribution centers, remodel our stores, purchase opportunistic inventory, pay employees and further invest in the business. Further, our plans to grow our store base may create cash flow pressure if new locations do not perform as projected.

We expect to primarily depend on cash flow from operations to fund our business and growth plans. We cannot assure you that cash generated by our operations will be sufficient to allow us to fund our growth plans. If we do not generate sufficient cash flow from operations, we may need to obtain additional funds through public or private financings, collaborative relationships or other arrangements. We cannot assure you that this additional funding, if needed, will be available on terms attractive to us, if at all. Any equity financing or debt financing that is convertible into equity that we may pursue could result in additional dilution to our existing stockholders. Tightening in the credit markets, low liquidity and volatility in the capital markets could result in diminished availability of credit, higher cost of borrowing and lack of confidence in the equity market, making it more difficult to obtain additional financing on terms that are favorable to us. Furthermore, any additional debt financing, if available, will increase our leverage and may involve restrictive covenants that could affect our

ability to raise additional capital or operate our business. If such financing is not available to us, or is not available on satisfactory terms, our competitive position, business, financial condition and results of operations could be impeded and we may need to delay, limit or eliminate planned store openings or operations or other elements of our growth strategy. Such actions could harm our competitive position, business, financial condition and results of operations.

We are subject to risks associated with leasing substantial amounts of space, including future increases in occupancy costs.

We currently lease substantially all of our store locations, primary distribution centers and administrative offices (including our headquarters in Emeryville, California), and a number of these leases expire or are up for renewal each year. Our operating leases typically have initial lease terms of ten years with renewal options for two or three successive five-year periods at our discretion.

Typically, the largest portion of a store's operating expense that we bear is the cost associated with leasing the location. Our rent expense for fiscal years 2017 and 2018 totaled $79.4 million and $86.0 million, respectively. We are also generally responsible for property taxes, insurance and common area maintenance for our leased properties. Our future minimum rental commitments for all operating leases in existence as of December 29, 2018 was $89.1 million for fiscal year 2019 and $1.2 billion in aggregate for fiscal years 2020 through 2038. We expect that many of the new stores we open will also be leased to us under operating leases, which will further increase our operating lease expenditures. If we are unable to make the required payments under our leases, the lenders or owners of the relevant stores, distribution centers or administrative offices may, among other things, repossess those assets, which could adversely affect our ability to conduct our operations. In addition, our failure to make payments under our operating leases could trigger defaults under other leases or under our Credit Facilities, which could cause the counterparties under those agreements to accelerate the obligations due thereunder.

The operating leases for our store locations, distribution centers and administrative offices expire at various dates through 2038. When the lease term for our stores expire, we may be unable to negotiate renewals, either on commercially reasonable terms or at all, which could cause us to close stores or to relocate stores within a market on less favorable terms. Any of these factors could cause us to close stores in desirable locations, which could have a material adverse impact on our results of operations.

Over time, current store locations may not continue to be desirable because of changes in demographics within the surrounding area or a decline in shopping traffic. While we have the right to terminate some of our leases under specified conditions, we may not be able to terminate a particular lease if or when we would like to do so. If we decide to close stores, we are generally required to continue to perform obligations under the applicable leases, which generally include paying rent and operating expenses for the balance of the lease term. When we assign leases or sublease space to third parties, we can remain liable on the lease obligations if the assignee or sublessee does not perform.

Any failure to maintain the security of information we hold relating to personal information or payment card data of our customers, employees and suppliers, whether as a result of cybersecurity attacks or otherwise, could subject us to litigation, government enforcement actions and costly response measures, and could materially disrupt our operations and harm our reputation and sales.

In the ordinary course of business, we and our IOs collect, store, process and transmit confidential business information and certain personal information relating to customers, employees and suppliers. However, all customer payment data is encrypted, and we do not store such data. We rely in part on commercially available systems, software, hardware, services, tools and monitoring to provide security for collection, storage, processing and transmission of personal and/or confidential information. It is possible that cyberattackers might compromise our security measures and obtain the personal and/or confidential information of the customers, employees and suppliers that we hold or our business information. Cyberattacks are rapidly evolving and those threats and the

means for obtaining access to information in digital and other storage media are becoming increasingly sophisticated and may not immediately produce signs of intrusion.

Moreover, an employee, contractor or third party with whom we work or to whom we outsource business operations may fail to monitor their or our systems effectively, may fail to maintain appropriate safeguards, may misuse the personal and/or confidential information to which they have access, may attempt to circumvent our security measures, may purposefully or inadvertently allow unauthorized access to our systems or to personal and/or confidential information or may otherwise disrupt our business operations. We and our customers could suffer harm if valuable business data or employee, customer and other proprietary information were corrupted, lost or accessed or misappropriated by third parties due to a security failure in our systems or those of our suppliers or service providers. It could require significant expenditures to remediate any such failure or breach, severely damage our reputation and our relationships with customers, result in unwanted media attention and lost sales and expose us to risks of litigation and liability. In addition, as a result of recent security breaches at a number of prominent retailers, the media and public scrutiny of information security and privacy has become more intense and the regulatory environment has become increasingly uncertain, rigorous and complex. As a result, we may incur significant costs to comply with laws regarding the protection and unauthorized disclosure of personal information and we may not be able to comply with new regulations.

In addition, various federal, state and foreign legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, information security and consumer protection. For example, California recently enacted the California Consumer Privacy Act (“CCPA”), which will become effective on January 1, 2020 and will, among other things, require new disclosures to California consumers and afford such consumers new abilities to opt out of certain sales of personal information. It is likely that amendments will be proposed to this legislation in 2019, and it remains unclear what modifications, if any, will be made to the CCPA and how various provisions of the CCPA will be interpreted and enforced. The effects of the CCPA are potentially significant, and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Any failure to comply with the laws and regulations surrounding the protection of personal information, privacy and data security could subject us to legal and reputational risks, including significant fines for non-compliance, any of which could have a negative impact on revenues and profits.

Because we and our IOs accept payments using a variety of methods, including cash and checks, credit and debit cards, Electronic Benefit Transfer (“EBT”) cards and gift cards, we may be subject to additional rules, regulations, compliance requirements and higher fraud losses. For certain payment methods, we or our IOs pay interchange and other related card acceptance fees, along with additional transaction processing fees. We and our IOs rely on third parties to provide payment transaction processing services, including the processing of credit cards, debit cards, EBT cards and gift cards, and it could disrupt our business if these companies become unwilling or unable to provide these services to us, experience a data security incident or fail to comply with applicable rules and industry standards. We are also subject to payment card association operating rules, including data security rules, certification requirements and rules governing electronic funds transfers, which could change over time. For example, we and our IOs are subject to Payment Card Industry Data Security Standards, which contain compliance guidelines and standards with regard to our security surrounding the physical and electronic storage, processing and transmission of individual cardholder data. In addition, if our internal systems are breached or compromised, we and our IOs may be liable for card re-issuance costs, subject to fines and higher transaction fees and lose our ability to accept credit and/or debit card payments from our customers, and our business and operating results could be materially adversely affected.

We do not currently compete in the growing online retail marketplace and any online retail services or e-commerce activities that we may launch in the future may require substantial investment and may not be successful.

We do not currently provide online services or e-commerce. To the extent that we implement e-commerce selling operations, we would incur substantial expenses related to such activities, be exposed to

additional cybersecurity risks and potentially be subject to additional data privacy regulations. Further, any development of an online retail marketplace is a complex undertaking, and there is no guarantee that any resources we apply to this effort will result in increased sales or operating performance. Our failure to successfully respond to these risks and uncertainties might materially adversely affect sales in any e-commerce business that we establish in the future and could damage our reputation and brand. Additionally, certain of our competitors and a number of pure online retailers have established robust online operations. Increased competition from online grocery retailers and our lack of an online retail presence may reduce our customers' desire to purchase products from us and could have a material adverse effect on our business, financial condition and results of operations.

Any material disruption to our information technology systems as a result of external factors or challenges or difficulties in maintaining or updating our existing technology or developing or implementing new technology could have a material adverse effect on our business or results of operations.

We rely on a variety of information technology systems for the efficient functioning of our business, including point of sale, inventory management, purchasing, financials, logistics, accounts payable and human resources information systems. We are dependent on the integrity, security and consistent operation of these systems and related back-up systems. Such systems are subject to damage or interruption from power outages, facility damage, computer and telecommunications failures, computer viruses, cybersecurity breaches, cyberattacks (including malicious codes, worms, phishing and denial of service attacks and ransomware), software upgrade failures or code defects, natural disasters and human error. Damage or interruption to, or defects of design related to, these systems or the integration of such systems may require a significant investment to fix or replace, and we may suffer interruptions or disruptions in our operations in the interim, may experience loss or corruption of critical data and may receive negative publicity, all of which could have a material adverse effect on our business or results of operations. Although we have taken steps designed to reduce the risk of these events occurring, there can be no guarantee that we or a third party on which we rely will not suffer one of these events.

We modify, update and replace our systems and infrastructure from time to time, including by adding new hardware, software and applications; maintaining, updating or replacing legacy programs; converting to global systems; integrating new service providers; and adding enhanced or new functionality, such as cloud computing technologies. In addition, we have a customized ERP system, components of which we are planning to replace in the next few years. There is a risk of business disruption, liability and reputational damage associated with these actions, including from not accurately capturing and maintaining data, efficiently testing and implementing changes, realizing the expected benefit of the change and managing the potential disruption of the actions and diversion of internal teams' attention as the changes are implemented.

Further, potential issues associated with implementing technology initiatives and the time and resources required in seeking to optimize the benefits of new elements of our systems and its infrastructure could reduce the efficiency of our operations in the short term. The efficient operation and successful growth of our business depends upon our information systems, including our ability to operate, maintain and develop them effectively. A failure of those systems could disrupt our business, subject us to liability, damage our reputation, or otherwise impact our financial results.

Real or perceived concerns that products we and our IOs sell could cause unexpected side effects, illness, injury or death could expose us to lawsuits and harm our reputation, which could result in unexpected costs.

If our products do not meet applicable safety standards or our customers' expectations regarding safety, we could experience lost sales, increased costs, litigation or reputational harm. Any lost confidence on the part of our customers would be difficult and costly to reestablish. Issues regarding the quality or safety of any food items sold by us, regardless of the cause, could have a substantial and adverse effect on our sales and operating results.

There is increasing governmental scrutiny and regulation of and public awareness regarding food safety. Unexpected side effects, illness, injury or death caused by products we and our IOs sell or involving suppliers that supply us with products could result in the discontinuance of sales of these products or our relationship with such suppliers or prevent us from achieving market acceptance of the affected products. We cannot be sure that consumption or use of our products will not cause side effects, illness, injury or death in the future, as product deficiencies might not be identified before we sell such products to our customers.

We also may be subject to claims, lawsuits or government investigations relating to such matters resulting in costly product recalls and other liabilities that could materially adversely affect our business and results of operations. Even if a product liability claim is unsuccessful or is not fully pursued, negative publicity could materially adversely affect our reputation with existing and potential customers and our corporate and brand image, and these effects could persist over the long term. Any claims brought against us may exceed our existing or future insurance policy coverage or limits. Any judgment against us that is in excess of our policy limits would have to be paid from our cash reserves, which would reduce our capital resources. Further, we may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets.

We are subject to laws and regulations generally applicable to retailers. Compliance with, failure to comply with, or changes to such laws and regulations could have a material adverse effect on our business and financial performance.

Our business is subject to numerous and frequently changing federal, state and local laws and regulations. We routinely incur significant costs in complying with these regulations. The complexity of the regulatory environment in which we and our IOs operate and the related cost of compliance are increasing due to additional legal and regulatory requirements, our expanding operation and increased enforcement efforts. Further, uncertainties exist regarding the future application of certain of these legal requirements to our business. New or existing laws, regulations and policies, liabilities arising thereunder and the related interpretations and enforcement practices, particularly those dealing with environmental protection and compliance, taxation, zoning and land use, workplace safety, public health, community right-to-know, product safety or labeling, food safety, alcohol and beverage sales, vitamin and supplements, information security and privacy and labor and employment, among others, or changes in existing laws, regulations, policies and the related interpretations and enforcement practices, particularly those governing the sale of products, may result in significant added expenses or may require extensive system and operating changes that may be difficult to implement and/or could materially increase our cost of doing business. For example, we or our IOs have had to comply with recent new laws in many of the states or counties in which we operate regarding recycling, waste, minimum wages, sick time, vacation, plastic bag and straw bans and sugar taxes. In addition, we and our IOs are subject to environmental laws pursuant to which we and our IOs could be strictly and jointly and severally liable for any contamination at our current or former locations, or at third-party waste disposal sites, regardless of our knowledge of or responsibility for such contamination.

Approximately 9% of sales are in the form of EBT payments and a substantial portion of these payments may be related to benefits associated with the Supplemental Nutritional Assistance Program (“SNAP”). Accordingly, changes in EBT regulations by the U.S. Department of Agriculture or in SNAP benefits by Congress could adversely affect our financial performance.

We cannot assure you that we or our IOs will comply promptly and fully with all laws, regulations, policies and the related interpretations that apply to our stores. Untimely compliance or noncompliance with applicable regulations or untimely or incomplete execution of a required product recall, can result in the imposition of penalties (including loss of licenses, eligibility to accept certain government benefits such as SNAP or significant fines or monetary penalties), civil or criminal liability, damages, class action litigation or other litigation, in addition to reputational damage, which could have a material adverse effect on our business, financial condition and results of operations.

Legal proceedings from customers, suppliers, employees, governments or competitors could materially impact our business, reputation, financial condition, results of operations and cash flows.

From time to time, we are subject to allegations, and may be party to legal claims and regulatory proceedings, relating to our business operations. Such allegations, claims and proceedings may be brought by third parties, including our customers, suppliers, employees, governmental or regulatory bodies or competitors, and may include class actions. The outcome of litigation, particularly class action lawsuits, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. While our IOs and suppliers will typically indemnify us for certain adverse outcomes, we may still bear significant expenses related to such proceedings. While we maintain insurance, insurance coverage may not be adequate, and the cost to defend against future litigation may be significant.

From time to time, our employees may bring lawsuits against us regarding discrimination, creating a hostile workplace, sexual harassment and other employment issues. Our IOs may also experience similar lawsuits from their own employees. In recent years, companies have experienced an increase in the number of discrimination and harassment and wage and hour claims generally. Coupled with the expansion of social media platforms that allow individuals with access to a broad audience, these claims have had a significant negative impact on some businesses. Some companies that have faced employment- or harassment-related lawsuits have had to terminate management or other key personnel, and have suffered reputational harm. If we were to face any employment-related or other claims, our reputation and business could be negatively affected. In addition, such lawsuits brought against our IOs, even if we are not named or are ultimately not found liable, could adversely impact our reputation and business.

Our current insurance program may expose us to unexpected costs and negatively affect our financial performance, particularly if we incur losses not covered by our insurance or if claims differ from our estimates.

Our insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that we believe are reasonable based on our operations. However, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war, employee and certain other crime, certain wage and hour and other employment-related claims, including class actions, actions based on certain consumer protection laws, and some natural and other disasters or similar events. If we incur these losses and they are material, our business could suffer. Certain material events, such as earthquakes or the recent California wildfires, may result in sizable losses for the insurance industry and adversely impact the availability of adequate insurance coverage or result in excessive premium increases. Our retail stores located in California, and the inventory in those stores, are not currently insured against losses due to earthquakes. We have experienced significant challenges in renewing the insurance policies for our stores as insurers have incurred substantial losses related to property claims from fires, floods and other catastrophic events and are significantly increasing policy premiums, increasing their requirements around building engineering standards or cutting back capacity for coverage offerings to layered/quota share. To offset negative insurance market trends, we may elect to increase our self-insurance coverage, accept higher deductibles or reduce the amount of coverage.

In addition, we self-insure, or insure through captive insurance companies, a significant portion of expected losses under our workers' compensation, automobile liability and general liability insurance programs. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including expected increases in medical and indemnity costs, could result in materially different expenses than expected under these programs, which could have a material adverse effect on our results of operations and financial condition. If we experience a greater number of these losses than we anticipate, it could have a material adverse effect on our business, financial condition and results of operations. IOs are required to maintain certain types and amounts of insurance coverage. If they fail to secure adequate insurance, injured parties may bring actions against us.

If we or our IOs are unable to attract, train and retain highly qualified employees, our financial performance may be negatively affected.

Our future growth, performance and positive customer experience depends on our and our IOs' ability to attract, train, retain and motivate qualified employees who understand and appreciate our culture and are able to represent our brand effectively and establish credibility with our business partners and customers. We and our IOs face intense competition for employees. If we and our IOs are unable to attract and retain adequate numbers of qualified employees, our operations, customer service levels and support functions could suffer. There is no assurance that we and our IOs will be able to attract or retain highly qualified employees to operate our business.

Labor relation difficulties could materially adversely affect our business.

Employees at two Company-operated stores are represented by the United Food and Commercial Workers Union. Our employees and those of our IOs have the right at any time to form or affiliate with a union. As we continue to grow, enter different regions and operate distribution centers, unions may attempt to organize the employees of our different IOs or our distribution centers within certain regions. We cannot predict the adverse effects that any future organizational activities will have on our business, financial condition and operating results. If we or our IOs were to become subject to work stoppages, we could experience disruption in our operations and increases in our labor costs, either of which could materially adversely affect our business, financial condition and operating results.

Our success depends in part on our executive officers and other key personnel. If we lose key personnel or are unable to hire additional qualified personnel, it could have a material adverse effect on our business, financial condition and results of operations.

We believe that our success depends to a significant extent on the skills, experience and efforts of our executive officers and other key personnel. The unexpected loss of services of any of our executive officers or other key personnel could have a material adverse effect on our business and operations. In addition, any such departure could be viewed in a negative light by investors and analysts, which may cause our stock price to decline. We do not maintain key person insurance on any of our key personnel. There can be no assurance that our executive succession planning, retention or hiring efforts will be successful. Competition for skilled and experienced management in our industry is intense, and we may not be successful in attracting and retaining qualified personnel. Failure to attract and retain qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters may materially impact reporting of our financial condition and results of operations.

Accounting principles generally accepted in the United States and related accounting pronouncements, implementation guidelines, and interpretations we apply to a wide range of matters that are relevant to our business, such as accounting for long-lived asset impairment, goodwill, variable interest entities and stock-based compensation, are complex and involve subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgements by our management could significantly change or add significant volatility to our reported or expected financial performance. For example, we expect a material impact on our financial statements related to the adoption of Accounting Standards Codification Topic 842, Leases. For more information see "Recently Issued Accounting Standards" in Note 1 to our audited consolidated financial statements included elsewhere in this prospectus.

Goodwill, other intangible assets and long-lived assets represent a significant portion of our total assets, and any impairment of these assets could materially adversely affect our financial condition and results of operations.

We monitor the recoverability of our long-lived assets, such as our store investments, and evaluate them annually to determine if impairment has occurred. Accounting rules require us to review the carrying value of our goodwill and other intangible assets for impairment annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be fully recoverable. Such indicators are based on market conditions and the operational performance of our business. If the testing performed indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the intangible assets or goodwill and the fair value of the intangible assets and the implied fair value of the goodwill, respectively, in the period the determination is made. The testing of long-lived assets, intangible assets and goodwill for impairment requires us to make estimates that are subject to significant assumptions about our future sales, profitability, cash flow, fair value of assets and liabilities, weighted average cost of capital, as well as other assumptions. Changes in these estimates, or changes in actual performance compared with these estimates, may affect the fair value of intangible assets or goodwill, which may result in an impairment charge.

We may take impairment charges in the future based on such assumptions. We cannot accurately predict the amount or timing of any impairment of assets. If a significant amount of our goodwill and other intangible assets were deemed to be impaired, our financial condition and results of operations could be materially adversely affected.

A significant decline in our operating profit and taxable income may impair our ability to realize the value of our deferred tax assets.

We are required by accounting rules to periodically assess our deferred tax assets for a valuation allowance, if necessary. In performing these assessments, we use our historical financial performance to determine whether we have potential valuation allowance concerns and as evidence to support our assumptions about future financial performance. A significant decline in our financial performance could negatively affect the results of our assessments of the recoverability of our deferred tax assets. A valuation allowance against our deferred tax assets could be material and could have a material adverse impact on our financial condition and results of operations.

Tax matters could materially adversely affect our results of operations and financial condition.

We are subject to federal and state income and other taxes in the United States. We compute our income tax provision based on enacted federal and state tax rates. Additionally, changes in the enacted tax rates, adverse outcomes in tax audits, or any change in the pronouncements relating to accounting for income taxes could have a material adverse effect on our financial condition and results of operations.

In December 2017, the U.S. Tax Cut and Jobs Act of 2017 (the “2017 Tax Act”) significantly revised the current federal income tax code with significant changes to corporate taxation, including reducing the corporate tax rate, limiting certain tax deductions and modifying or repealing many business deductions and credits. While the 2017 Tax Act reduced the federal income tax rate for corporations, it created certain limits and potentially changes the timing of certain deductions which could reduce our cash flow in certain periods. Many aspects of the new law are uncertain and are subject to further guidance from U.S. regulators and significant judgements will need to be made in the interpretation of various provisions. In addition, it is uncertain if and to what extent various states will conform to the newly enacted federal tax law, which could also impact our tax obligations.

As of December 29, 2018, we had a tax-effected deferred tax asset of $55.1 million. Our ability to use our deferred tax asset is dependent on our ability to generate future earnings within the operating loss carry-

forward periods, which are generally 20 years. Some or all of our deferred tax asset could expire unused if we are unable to generate taxable income in the future sufficient to utilize the deferred tax asset, or we enter into transactions that limit our right to use it. If a material portion of our deferred tax asset expires unused, it could have a material adverse effect on our future business, results of operations, financial condition and the value of our common stock. Our ability to realize the deferred tax asset is periodically reviewed and any necessary valuation allowance is recorded or adjusted accordingly.

In addition, certain states and local jurisdictions have recently approved or proposed gross receipt tax measures. For example, in November 2018, San Francisco voters approved a corporate tax measure, which establishes a new 0.5% gross receipts tax. Should these gross receipt tax measures succeed in other jurisdictions in which we operate, we anticipate an increase in our operating expenses.

Natural disasters and unusual weather conditions (whether or not caused by climate change), pandemic outbreaks, terrorist acts, global political events and other serious catastrophic events could disrupt business and result in lower sales and otherwise materially adversely affect our financial performance.

Natural disasters, such as fires, earthquakes, hurricanes, floods, tornadoes, unusual weather conditions, pandemic outbreaks, terrorist acts or disruptive global political events, or similar disruptions could materially adversely affect our business and financial performance. For example, our store in Paradise, California was lost due to the fires in that area in November 2018. Uncharacteristic or significant weather conditions can affect consumer shopping patterns, which could lead to lost sales or greater than expected markdowns and materially adversely affect our short-term results of operations. To the extent these events result in the closure of one or more of our distribution centers, a significant number of stores, or our administrative offices or impact one or more of our key suppliers, our operations and financial performance could be materially adversely affected through an inability to make deliveries or provide other support functions to our stores and through lost sales. In addition, these events could result in increases in fuel (or other energy) prices or a fuel shortage, delays in opening new stores, the temporary lack of an adequate work force in a market, the temporary or long-term disruption in the supply of products from some domestic and overseas suppliers, the temporary disruption in the transport of goods from overseas, delay or increased transportation costs in the delivery of goods to our distribution centers or stores, the inability of customers to reach or have transportation to our stores directly affected by such events, the temporary reduction in the availability of products in our stores and disruption of our utility services or to our information systems. These events also can have indirect consequences such as increases in the costs of insurance if they result in significant loss of property or other insurable damage.

The current geographic concentration of our stores creates an exposure to local or regional downturns, natural or man-made disasters or other catastrophic occurrences.

As of March 30, 2019, we operated 180 stores and distributed product from three distribution centers in California, making California our largest market, representing 56% of our total stores. As a result, our business is currently more susceptible to regional conditions than the operations of more geographically diversified competitors, and we are vulnerable to economic downturns in those regions. Any unforeseen events or circumstances that negatively affect these areas could materially adversely affect our sales and profitability. These factors include, among other things, changes in demographics, population and employee bases, wage increases, changes in economic conditions, severe weather conditions and climate change, property tax increases and other catastrophic occurrences, such as wildfires and flooding. Such conditions may result in reduced customer traffic and spending in our stores, physical damage to our stores, loss of inventory, closure of one or more of our stores, inadequate workforce in our markets, temporary disruption in the supply of products, delays in the delivery of goods to our stores, increased expenses and a reduction in the availability of products in our stores. Any of these factors may disrupt our business and materially adversely affect our financial condition and results of operations.

As a result of our IPO, our costs will increase significantly, and our management may be required to devote substantial time to complying with public company regulations, which could negatively impact our financial performance and cause our results of operations or financial condition to suffer.

As a result of our IPO, we will incur additional legal, accounting, insurance, investor relations and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. We have incurred and will incur costs associated with the rules of Nasdaq, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the Dodd-Frank Wall Street Reform and Consumer Protection Act and related rules implemented by the United States Securities and Exchange Commission (the "SEC"). The expenses incurred by public companies generally for director and officer liability insurance and reporting and corporate governance purposes have been increasing and may continue to increase. The Exchange Act requires us to file annual, quarterly and current reports with respect to our business and financial condition within specified time periods and to prepare a proxy statement with respect to our annual meeting of stockholders. Our management and other personnel will need to devote substantial amounts of time to ensure that we comply with all of the reporting requirements, limiting time spent focused on revenue-producing activities. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. Nasdaq requires that we comply with various corporate governance requirements. These rules and regulations, and applicable case law, may increase our legal and financial compliance costs and make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations can also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. For example, the cost of director and officer liability insurance for California-based companies has recently increased significantly. These laws and regulations can also make it more difficult for us to attract and retain qualified persons to serve on our board, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory actions and potentially civil litigation.

Our management has limited experience managing a public company, and our current resources may not be sufficient to fulfill our public company obligations.

Following the completion of this offering, we will be subject to various regulatory requirements, including those of the SEC and Nasdaq. These requirements include record keeping, financial reporting and corporate governance rules and regulations. Our management team has limited experience in managing a public company. Our internal infrastructure may not be adequate to support our increased reporting obligations, and we may be unable to hire, train or retain necessary staff and may initially be reliant on engaging outside consultants or professionals to overcome our lack of experience. Our business could be adversely affected if our internal infrastructure is inadequate, we are unable to engage outside consultants, or are otherwise unable to fulfill our public company obligations.

Changes in accounting rules or interpretations thereof, changes to underlying legal agreements as well as other factors applicable to our analysis of the IO entities as variable interest entities could significantly impact our ability to issue our financial statements on a timely basis.

In accordance with the variable interest entities sub-section of Accounting Standards Codification Topic 810, Consolidation, we assess during each of our reporting periods whether we are considered the primary beneficiary of a variable interest entity ("VIE") and therefore are required to consolidate the VIE in our financial statements. We have concluded that the IO entities represent VIEs. However, we have concluded we are not such VIE's primary beneficiary and, accordingly, we do not consolidate the IO entities' financial information. Changes in accounting rules or interpretations thereof, changes to the underlying Operator Agreements (as defined elsewhere in this prospectus) as well as other factors that may impact the economic performance of the

IO entities which may be relevant to our analysis of whether to consolidate the IO entities as VIEs could significantly impact our ability to issue our financial statements on a timely basis if, as a result, we are determined to be the primary beneficiary of the IO entities and should consolidate such entities. For example, collecting the requisite accounting data from certain of our IO entities in order to consolidate their financial information would involve substantial time, effort and cost. For more information see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates."

Risks Related to Our IO Model

If our IOs are not successful in managing their business, our financial results and brand image could be negatively affected.

The financial health of our IOs is critical to their and our success. Our IOs are business entities owned by entrepreneurs who generally live in the same community as the store that they operate as our independent contractor. IOs are responsible for operating their store consistent with our brand standards, hiring and supervising store-level employees, merchandising and selling products and managing and paying the expenses associated with their business. Although we select IOs through a rigorous vetting and training process, and continue to help IOs develop their business skills after they enter into an Operator Agreement with us, it is difficult to predict in advance whether a particular IO will be successful. If an IO is unable to successfully establish, manage and operate the store, their store's performance and quality of service could be materially adversely affected. In addition, any poor performance could negatively affect our financial results and our brand reputation.

Failure of our IOs to repay notes outstanding to us may materially adversely affect our financial performance.

We extend financing to IOs for their initial startup costs in the form of notes payable to us that bear interest at a rate of 9.95%. We lower the interest rate and delay repayment obligations on the notes outstanding for certain of our IOs participating in our Temporary Commission Adjustment Program ("TCAP"). The TCAP allows us to provide a greater commission to participating IOs who are struggling to meet their working capital needs for various reasons, such as entry into a new market or new competition. There can be no assurance that any IO, particularly those participating in TCAP, will achieve long-term store volumes or profitability that will allow them to repay any amounts due nor is there any assurance that any IO will be able to repay amounts due through other means.

The outstanding aggregate balance of notes receivable from IOs has increased over time as we have accelerated new store growth and initial IO capital and working capital requirements have increased. This balance may continue to increase as we open new stores. There were $16.5 million and $23.5 million of notes to IOs outstanding as of December 30, 2017 and December 29, 2018, respectively, and $9.0 million and $9.1 million reserved as of December 30, 2017 and December 29, 2018, respectively.

If we are unable to attract and retain qualified IOs, our financial performance may be negatively affected.

Our future growth and performance depend on our ability to attract, develop and retain qualified IOs who understand and appreciate our culture and are able to represent our brand effectively. A material decrease in profitability of our IOs may make it more difficult for us to attract and retain qualified IOs. While we use a variety of methods to attract and develop our IOs, including through our Aspiring Operators in Training ("AOT") program, there can be no assurance that we will continue to be able to recruit and retain a sufficient number of qualified AOTs and other candidates to open successful new locations in order to meet our growth targets. Our ability to maintain our current performance and achieve future growth additionally depends on our IOs' ability to meet their labor needs while controlling wage and labor-related costs.

If our IOs are unable to avoid excess inventory shrink, our business and results of operations may be adversely affected.

Our IOs order merchandise solely from us, which we, in turn, deliver to IOs on a consignment basis. As a result, we retain ownership of all merchandise until the point in time that merchandise is sold to a customer. Our IOs, however, are responsible for inventory management at their stores. Any spoiled, damaged or stolen merchandise, markdowns or price changes impact gross margin and, therefore, IO commission. We generally split these losses equally with IOs, however, excessive levels of shrink are deducted from commissions paid to IOs. Excessive shrink generally indicates poor inventory management and the IO's failure to use due care to secure their store against theft. If IOs were to not effectively control or manage inventory in their stores, they could experience higher rates of inventory shrink which could have a material adverse effect on their financial health, which in turn, may materially and adversely affect our business and results of operations.

Our Operator Agreements may be terminated, and any loss or changeover of an IO may cause material business disruptions.

Each Operator Agreement is subject to termination by either party without cause upon 75 days' notice. We may also terminate immediately "for cause." The "for cause" termination triggers include, among other things, a failure to meet our brand standards, misuse of our trademarks and actions that in our reasonable business judgment threaten to harm our business reputation.

As of March 30, 2019, 315 of our 323 stores were operated by IOs, while the remaining 8 stores were operated by us. If we or an IO terminates the Operator Agreement then we must approve a new IO for that store. Any IO changeover consumes substantial time and resources. Often, a changeover will involve more than one transition, as an IO may move from an existing store, thereby creating an opening at the IO's previous store. A failure to transition a store successfully to another IO can negatively impact the customer experience or compromise our brand standards. Termination of an Operator Agreement could therefore result in the reduction of our sales and operating cash flow, and may materially adversely affect our business, financial condition and results of operations.

Legal proceedings initiated against our IOs could materially impact our business, reputation, financial condition, results of operations and cash flows.

We and our IOs are subject to a variety of litigation risks, including, but not limited to, individual personal injury, product liability, intellectual property, employment-related actions, litigation with or involving our relationship with IOs and property disputes and other legal actions in the ordinary course of our respective businesses. If the IOs are unable to provide an adequate remedy in a legal action, the plaintiffs may attempt to hold us liable. We maintain that under current applicable laws and regulations we are not joint employers with our IOs, and should not be held liable for their actions. However, these types of claims may increase costs and affect the scope and terms of insurance or indemnifications we and our IOs may have.

Our Operator Agreements require each IO to maintain certain insurance types and levels. Losses arising from certain extraordinary hazards, employment matters or other matters, however, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks, or IOs may fail to procure the required insurance. Moreover, any loss incurred could exceed policy limits and policy payments made to IOs may not be made on a timely basis.

Any legal actions against our IOs may negatively affect the reputation of our brand, which could result in a reduction of our sales and operating cash flow, which could be material and which could adversely affect our business, financial condition and results of operations.

In the past, certain business models that use independent contractors to sell directly to customers have been subject to challenge under various laws, including laws relating to franchising, misclassification and joint employment. If our business model is determined to be a franchise, if IOs are found not to be independent contractors, but our employees, or if we are found to be a joint employer of an IO's employees, our business and operations could be materially adversely affected.

Our IOs are independent contractors. Independent contractors and the companies that engage their services have come under increased legal and regulatory scrutiny in recent years as courts have adopted new standards for these classifications and federal legislators continue to introduce legislation concerning the classification of independent contractors as employees, including legislation that proposes to increase the tax and labor penalties against employers who intentionally or unintentionally misclassify employees as independent contractors and are found to have violated employees' overtime or wage requirements. Federal and state tax and other regulatory authorities and courts apply a variety of standards in their determination of independent contractor status. There is a risk that a governmental agency or court could disagree with our assessment that IOs are independent contractors or that these laws and regulations could change. If any IOs were determined to be our employees, we would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment, environmental and tort laws, which could potentially include prior periods, as well as potential liability for employee benefits and tax withholdings.

Even if IOs are properly classified as independent contractors, there is a risk that a governmental agency or court might disagree with our assessment that each IO is the sole employer of its workers and seek to hold us jointly and separately responsible as a co-employer of an IO's workers. In this case, we would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, which could potentially include prior periods, as well as potential liability for employee benefits and tax withholdings since joint employers are each separately responsible for their co-employees' benefits. A misclassification ruling would mean that both IOs and IOs' employees are our employees, it would also mean that an IOs' employees are also our employees.

We continue to observe and monitor our compliance with current applicable laws and regulations, but we cannot predict whether laws and regulations adopted in the future, or standards adopted by the courts, regarding the classification of independent contractors will materially adversely affect our business or operations. Further, if we were to become subject to franchise laws or regulations, it would require us to provide additional disclosures, register with state franchise agencies, impact our ability to terminate our Operator Agreements and may increase the expense of, or adversely impact our recruitment of new IOs.

Our success depends on our ability to maintain positive relationships with our IOs and any failure to maintain our relationships on positive terms could materially adversely affect our business, reputation, financial condition and results of operations.

Our IOs develop and operate their stores under terms set forth in our Operator Agreements. These agreements give rise to relationships that involve a complex set of mutual obligations and depends on mutual cooperation and trust. We have a standard Operator Agreement that we use with our IOs, which contributes to uniformity of brand standards. We generally have positive relationships with our IOs, based in part on our common understanding of our mutual rights and obligations under the Operator Agreement. However, we and our IOs may not always maintain a positive relationship or always interpret the Operator Agreement in the same way. Our failure to maintain positive relationships with our IOs could individually or in the aggregate cause us to change or limit our business practices, which may make our business model less attractive to our IOs or stockholders or more costly to operate. Active and/or potential disputes with IOs could damage our brand image and reputation.

The success of our business depends in large part on our ability to maintain IOs in profitable stores. If we fail to maintain our IO relationships on acceptable terms, or if one or more of the more profitable IOs were to

terminate their Operator Agreements, become insolvent or otherwise fail to comply with brand standards, our business, reputation, financial condition and results of operations could be materially and adversely affected.

Our IOs could take actions that could harm our business.

Our IOs are contractually obligated to operate their stores in accordance with the brand standards set forth in the Operator Agreements. However, IOs are independent contractors whom we do not control. The IOs operate and oversee the daily operations of their stores and have sole control over all of their employees and other workforce decisions. As a result, IOs make decisions independent of us that bear directly on the ultimate success and performance of their store. Nevertheless, the nature of the brand license creates a symbiotic relationship between our outcome and each IO. Indeed, because we and each of our IOs associate our separate businesses with the Grocery Outlet name and brand reputation, the failure of any IO to comply with our brand standards could potentially have repercussions that extend beyond that IO's own market area and materially adversely affect not only our business, but the business of other IOs and the general brand image and reputation of the Grocery Outlet name. This, in turn, could materially and adversely affect our business and operating results. If any particular IO operates a store in a manner inconsistent with our brand standards, we cannot assure you that we will be able to terminate the Operator Agreement of that IO without disruptions to the operations and sales of that IO's store or other stores.

Risks Associated with Our Indebtedness

Our substantial indebtedness could materially adversely affect our financial condition and our ability to operate our business, react to changes in the economy or industry or pay our debts and meet our obligations under our debt and could divert our cash flow from operations for debt payments.

We have a significant amount of indebtedness. As of March 30, 2019, our total borrowings under our Credit Facilities was $873.2 million. Although we expect to use substantially all of the proceeds from this offering to repay indebtedness, we will continue to have a significant amount of indebtedness. See "Use of Proceeds." In addition, as of March 30, 2019, we had a $100.0 million revolving credit facility under our First Lien Credit Agreement under which we had $96.6 million of availability after giving effect to outstanding letters of credit. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities." In addition, subject to restrictions in the agreements governing our Credit Facilities, we may incur additional debt.

Our substantial debt could have important consequences to you, including the following:

- it may be difficult for us to satisfy our obligations, including debt service requirements under our outstanding debt, resulting in possible defaults on and acceleration of such indebtedness;
- our ability to obtain additional financing for working capital, capital expenditures, debt service requirements or other general corporate purposes may be impaired;
- a substantial portion of cash flow from operations may be dedicated to the payment of principal and interest on our debt, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures, future business opportunities, acquisitions and other purposes;
- we are more vulnerable to economic downturns and adverse industry conditions and our flexibility to plan for, or react to, changes in our business or industry is more limited;
- our ability to capitalize on business opportunities and to react to competitive pressures, as compared to our competitors, may be compromised due to our high level of debt; and
- our ability to borrow additional funds or to refinance debt may be limited.

Furthermore, all of our debt under our Credit Facilities bears interest at variable rates. If these rates were to increase significantly, whether because of an increase in market interest rates or a decrease in our creditworthiness, our ability to borrow additional funds may be reduced and the risks related to our substantial debt would intensify.

Servicing our debt requires a significant amount of cash. Our ability to generate sufficient cash depends on numerous factors beyond our control, and we may be unable to generate sufficient cash flow to service our debt obligations.

Our business may not generate sufficient cash flow from operating activities to service our debt obligations. Our ability to make payments on and to refinance our debt and to fund planned capital expenditures depends on our ability to generate cash in the future. To some extent, this is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

If we are unable to generate sufficient cash flow from operations to service our debt and meet our other commitments, we may need to refinance all or a portion of our debt, sell material assets or operations, delay capital expenditures or raise additional debt or equity capital. We may not be able to effect any of these actions on a timely basis, on commercially reasonable terms or at all, and these actions may not be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt agreements may restrict us from pursuing any of these alternatives.

Restrictive covenants in the agreements governing our Credit Facilities may restrict our ability to pursue our business strategies, and failure to comply with any of these restrictions could result in acceleration of our debt.

The operating and financial restrictions and covenants in the agreements governing our Credit Facilities may materially adversely affect our ability to finance future operations or capital needs or to engage in other business activities. Such agreements limit our ability, among other things, to:

- incur additional debt or issue certain preferred shares;
- pay dividends on or make distributions in respect of our common stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens on certain assets to secure debt;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- make certain payments in respect of certain junior debt obligations, including under our First Lien Credit Agreement;
- enter into certain transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

A breach of any of these covenants could result in a default under our Credit Facilities. Upon the occurrence of an event of default under our Credit Facilities, the lenders could elect to declare all amounts outstanding under our Credit Facilities to be immediately due and payable and terminate all commitments to

extend further credit. If we were unable to repay those amounts, the lenders under our Credit Facilities could proceed against the collateral granted to them to secure that indebtedness. We have pledged a significant portion of our assets as collateral to secure our Credit Facilities. Our future operating results may not be sufficient to enable compliance with the financial maintenance covenant in our First Lien Credit Agreement, or any other indebtedness and we may not have sufficient assets to repay amounts outstanding under our Credit Facilities. In addition, in the event of an acceleration of our debt upon a default, we may not have or be able to obtain sufficient funds to make any accelerated payments.

Furthermore, the terms of any future indebtedness we may incur could have further additional restrictive covenants. We may not be able to maintain compliance with these covenants in the future, and in the event that we are not able to maintain compliance, we cannot assure you that we will be able to obtain waivers from the lenders or amend the covenants.

Despite current debt levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional debt in the future. Although the agreements governing our Credit Facilities contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of qualifications and exceptions, and the debt incurred in compliance with these restrictions could be substantial. Additionally, we may successfully obtain waivers of these restrictions. If we incur additional debt above the levels currently in effect, the risks associated with our leverage, including those described above, would increase. Our First Lien Credit Agreement includes a $100.0 million revolving credit facility under which we had $96.6 million of availability as of March 30, 2019 after giving effect to outstanding letters of credit.

Risks Related to this Offering and Ownership of Our Common Stock

No market currently exists for our common stock, and an active, liquid trading market for our common stock may not develop, which may cause our common stock to trade at a discount from the initial offering price and make it difficult for you to sell the common stock you purchase.

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in us will lead to the development of a trading market on Nasdaq or otherwise or how active and liquid that market may become. If an active and liquid trading market does not develop or continue, you may have difficulty selling any shares of our common stock that you purchase. The initial public offering price for the shares will be determined by negotiations between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. The market price of our common stock may decline below the initial offering price, and you may not be able to sell your shares of our common stock at or above the price you paid in this offering, or at all.

You will incur immediate dilution in the net tangible book value of the shares you purchase in this offering.

The initial public offering price of our common stock will be higher than the net tangible book value per share of outstanding common stock prior to completion of this offering. Based on our net tangible book value as of March 30, 2019 and upon the issuance and sale of 17,187,500 shares of common stock by us at an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, if you purchase our common stock in this offering, you will suffer immediate dilution of approximately $19.11 per share in net tangible book value. Dilution is the amount by which the offering price paid by purchasers of our common stock in this offering will exceed the pro forma net tangible book value per share of our common stock upon completion of this offering. If the underwriters exercise their option to purchase additional shares, you will experience future dilution. A total of 4,597,862 shares of common stock have been

reserved for future issuance under our 2019 Incentive Plan. You may experience additional dilution upon future equity issuances or the exercise of stock options to purchase common stock granted to our directors, officers and employees under our current and future stock incentive plans, including our 2019 Incentive Plan. See "Dilution."

Our stock price may change significantly following this offering, and you may not be able to resell shares of our common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result.

The trading price of our common stock is likely to be volatile. The stock market has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. We and the underwriters will negotiate to determine the initial public offering price. You may not be able to resell your shares at or above the initial public offering price due to a number of factors such as those listed in "—Risks Related to Our Business" and the following:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, new products, acquisitions, joint marketing relationships, joint ventures, other strategic relationships or capital commitments;
- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions;
- additions or departures of key management personnel;
- future sales of our common stock or other securities by us or our existing stockholders, or the perception of such future sales;
- investor perceptions of the investment opportunity associated with our common stock relative to other investment alternatives;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- announcements relating to litigation;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- the development and sustainability of an active trading market for our stock;
- changes in accounting principles; and

- other events or factors, including those resulting from natural disasters, war, acts of terrorism or responses to these events.

These broad market and industry fluctuations may materially adversely affect the market price of our common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock are low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

Our quarterly operating results fluctuate and may fall short of prior periods, our projections or the expectations of securities analysts or investors, which could materially adversely affect our stock price.

Our operating results have fluctuated from quarter to quarter at points in the past, and they may do so in the future. Therefore, results of any one fiscal quarter are not a reliable indication of results to be expected for any other fiscal quarter or for any year. If we fail to increase our results over prior periods, to achieve our projected results or to meet the expectations of securities analysts or investors, our stock price may decline, and the decrease in the stock price may be disproportionate to the shortfall in our financial performance. Results may be affected by various factors, including those described in these risk factors. We maintain a forecasting process that seeks to plan sales and align expenses. If we do not control costs or appropriately adjust costs to actual results, or if actual results differ significantly from our forecast, our financial performance could be materially adversely affected.

We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations.

We are a holding company with no material direct operations. Our principal assets are the shares of common stock of Globe Intermediate Corp. that we hold. Globe Intermediate Corp. is the indirect parent of Grocery Outlet Inc. which, together with its subsidiaries, owns substantially all of our operating assets. As a result, we are dependent on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions. If we are unable to obtain funds from our subsidiaries, we may be unable to meet our financial obligations.

We currently do not intend to declare dividends on our common stock in the foreseeable future and, as a result, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.

We currently do not expect to declare any dividends on our common stock in the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used to provide working capital, to support our operations and to finance the growth and development of our business. Any determination to declare or pay dividends in the future will be at the discretion of our board of directors, subject to applicable laws and dependent upon a number of factors, including our earnings, capital requirements and overall financial conditions. In addition, our ability to pay dividends on our common stock is currently limited by the covenants of our Credit Facilities and may be further restricted by the terms of any future debt or preferred securities. Accordingly, your only opportunity to achieve a return on your investment in our company may be if the market price of our common stock appreciates and you sell your shares at a profit. The market price for our common stock may never exceed, and may fall below, the price that you pay for such common stock.

If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business or industry. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business or industry, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our common stock to decline.

After this offering, the sale of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon consummation of this offering, we will have a total of 85,703,639 shares of common stock outstanding. All shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act ("Rule 144"), including our directors, executive officers and other affiliates (including the H&F Investor), which may be sold only in compliance with the limitations described in "Shares Eligible for Future Sale," and any shares purchased in our directed share program which are subject to the lock-up agreements described in "Underwriting (Conflicts of Interest)."

The 64,103,643 shares held by the H&F Investor and certain of our directors, officers and employees immediately following the consummation of this offering will represent approximately 74.8% of our total outstanding shares of common stock following this offering (which do not include any shares that may be purchased by these holders through our directed share program), based on the number of shares outstanding as of March 30, 2019. Such shares will be "restricted securities" within the meaning of Rule 144 and subject to certain restrictions on resale following the consummation of this offering. Restricted securities may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration such as Rule 144, as described in "Shares Eligible for Future Sale."

In connection with this offering, we, our directors and executive officers, and holders of substantially all of our common stock prior to this offering have each agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of our or their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of certain representatives of the underwriters. See "Underwriting (Conflicts of Interest)" for a description of these lock-up agreements.

Upon the expiration of the contractual lock-up agreements pertaining to this offering, up to an additional 68,135,056 shares will be eligible for sale in the public market, of which 63,621,686 are held by directors, executive officers and other affiliates and will be subject to volume, manner of sale and other limitations under Rule 144. Following completion of this offering, shares covered by registration rights would represent approximately 78.5% of our outstanding common stock (or 76.3%, if the underwriters exercise in full their option to purchase additional shares). Registration of any of these outstanding shares of common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement. See "Shares Eligible for Future Sale."

As restrictions on resale end or if these stockholders exercise their registration rights, the market price of our shares of common stock could drop significantly if the holders of these shares sell them or are perceived

by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

In addition, the shares of our common stock reserved for future issuance under our 2014 Stock Plan (as defined elsewhere in this prospectus) and our 2019 Incentive Plan will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up agreements and Rule 144, as applicable. A total of 16,284,163 shares of common stock have been reserved for future issuance under our 2014 Stock Plan (assuming no further grants will be made under the 2014 Stock Plan after this offering) and our 2019 Incentive Plan.

In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of our common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to you.

Provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider to be in its best interest, including attempts that might result in a premium over the market price of our common stock.

These provisions provide for, among other things:

- the division of our board of directors into three classes, as nearly equal in size as possible, which directors in each class serving three-year terms and with terms of the directors of only one class expiring in any given year;
- that at any time when the H&F Investor and certain of its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of our company entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of the holders of at least two-thirds in voting power of all the then-outstanding shares of stock entitled to vote thereon, voting together as a single class;
- the ability of our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that could have the effect of impeding the success of an attempt to acquire us or otherwise effect a change of control;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at stockholder meetings;
- the right of the H&F Investor and certain of its affiliates to nominate a number of members of our board of directors proportionate to their collective ownership of our common stock and the obligation of certain of our other pre-IPO stockholders to support such nominees;
- the right of certain other pre-IPO investors to nominate one member of our board of directors and the obligation of the H&F Investor and certain of our other pre-IPO stockholders to support such nominee;
- certain limitations on convening special stockholder meetings; and
- that certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may be amended only by the affirmative vote of the holders of at least two-thirds in

voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class, if the H&F Investor and certain of its affiliates beneficially own, in the aggregate, less than 40% in voting power of our stock entitled to vote generally in the election of directors.

These provisions could make it more difficult for a third party to acquire us, even if the third-party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. See "Description of Capital Stock."

We are controlled by the H&F Investor, whose interests may be different than the interests of other holders of our securities.

Upon the completion of this offering, the H&F Investor will own approximately 63.8% of our outstanding common stock, or approximately 61.9% if the underwriters exercise in full their option to purchase additional shares, and will have the ability to nominate a majority of the members of our board of directors. As a result, the H&F Investor is able to control actions to be taken by us, including future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, amendments to our organizational documents and the approval of significant corporate transactions, including mergers, sales of substantially all of our assets, distributions of our assets, the incurrence of indebtedness and any incurrence of liens on our assets.

The interests of the H&F Investor may be materially different than the interests of our other stakeholders. In addition, the H&F Investor may have an interest in pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance its investment, even though such transactions might involve risks to you. For example, the H&F Investor may cause us to take actions or pursue strategies that could impact our ability to make payments under our Credit Facilities or that cause a change of control. In addition, to the extent permitted by agreements governing our Credit Facilities, the H&F Investor may cause us to pay dividends rather than make capital expenditures or repay debt. The H&F Investor is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Our amended and restated certificate of incorporation will provide that none of the H&F Investor, any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. The H&F Investor also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

So long as the H&F Investor continues to own a significant amount of our outstanding common stock, even if such amount is less than 50%, it will continue to be able to strongly influence or effectively control our decisions and, so long as the H&F Investor continues to own shares of our outstanding common stock, nominate individuals to our board of directors pursuant to a stockholders agreement to be entered into in connection with this offering. See "Certain Relationships and Related Party Transactions—Stockholders Agreement." In addition, the H&F Investor will be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock.

We will be a "controlled company" within the meaning of the Nasdaq rules and the rules of the SEC. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.

After completion of this offering, the H&F Investor and the other parties to our stockholders agreement will continue to own a majority of our outstanding common stock. As a result, we will be a "controlled company"

within the meaning of the corporate governance standards of Nasdaq. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our board of directors consist of "independent directors" as defined under the rules of Nasdaq;
- the requirement that we have a compensation committee that is composed entirely of directors who meet the Nasdaq independence standards for compensation committee members with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that our director nominations be made, or recommended to our full board of directors, by our independent directors or by a nominations committee that consists entirely of independent directors and that we adopt a written charter or board resolution addressing the nominations process.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors, our nominating/corporate governance committee, if any, and compensation committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

Failure to comply with requirements to design, implement and maintain effective internal controls could have a material adverse effect on our business and stock price.

As a privately-held company, we were not required to evaluate our internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Section 404(a) of the Sarbanes-Oxley Act ("Section 404"). As a public company, we will have significant requirements for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to establish or maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and harm our results of operations. In addition, we will be required, pursuant to Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting in the second annual report following the completion of this offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Testing and maintaining internal controls may divert our management's attention from other matters that are important to our business. Our independent registered public accounting firm will be required to issue an attestation report on effectiveness of our internal controls in the second annual report following the completion of this offering.

In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, we may encounter problems or delays in completing the remediation of any deficiencies identified by our independent registered public accounting firm in connection with the issuance of their attestation report.

Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. A

material weaknesses in internal control could result in our failure to detect a material misstatement of our annual or quarterly consolidated financial statements or disclosures. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we are unable to conclude that we have effective internal control over financial reporting, investors could lose confidence in our reported financial information, which could have a material adverse effect on the trading price of our common stock.

Our amended and restated certificate of incorporation will provide, subject to limited exceptions, that the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America will be the sole and exclusive forums for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation will provide, subject to limited exceptions, that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of our company to the Company or our stockholders, (iii) action asserting a claim against the Company or any director, officer or other employee of the Company arising pursuant to any provision of the Delaware General Corporation Law, or the DGCL, or our amended and restated certificate of incorporation or our amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) action asserting a claim against the Company or any director, officer or other employee of the Company governed by the internal affairs doctrine. These provisions shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Unless we consent in writing to the selections of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation.

These choice of forum provisions may limit a stockholder's ability to bring a claim in a different judicial forum, including one that it may find favorable or convenient for disputes with us or any of our directors, officers or other employees which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provisions that will be contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition. For example, the Court of Chancery of the State of Delaware recently determined that a provision stating that U.S. federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. However, this decision may be reviewed and ultimately overturned by the Delaware Supreme Court.

Our board of directors will be authorized to issue and designate shares of our preferred stock in additional series without stockholder approval.

Our amended and restated certificate of incorporation will authorize our board of directors, without the approval of our stockholders, to issue 50,000,000 shares of our preferred stock, subject to limitations prescribed by applicable law, rules and regulations and the provisions of our amended and restated certificate of incorporation, as shares of preferred stock in series, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The powers, preferences and rights of these additional series of preferred stock may be senior to or on parity with our common stock, which may reduce its value.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements (other than statements of historical facts) in this prospectus regarding the prospects of the industry and our prospects, plans, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “should,” “expect,” “intend,” “will,” “estimate,” “anticipate,” “believe,” “predict,” “potential” or “continue” or the negatives of these terms or variations of them or similar terminology. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot provide any assurance that these expectations will prove to be correct. Such statements reflect the current views of our management with respect to our business, results of operations and future financial performance. The following factors are among those that may cause actual results to differ materially from the forward-looking statements:

- failure of suppliers to consistently supply us with opportunistic products at attractive pricing;
- inability to successfully identify trends and maintain a consistent level of opportunistic products;
- failure to maintain or increase comparable store sales;
- changes affecting the market prices of the products we sell;
- failure to open, relocate or remodel stores on schedule;
- risks associated with newly opened stores;
- risks associated with economic conditions;
- competition in the retail food industry;
- inability to retain the loyalty of our customers;
- costs and implementation difficulties associated with marketing, advertising and promotions;
- failure to maintain our reputation and the value of our brand, including protecting our intellectual property;
- any significant disruption to our distribution network, the operations of our distributions centers and our timely receipt of inventory;
- movement of consumer trends toward private labels and away from name-brand products;
- inability to maintain sufficient levels of cash flow from our operations;
- risks associated with leasing substantial amounts of space;
- failure to maintain the security of information we hold relating to personal information or payment card data of our customers, employees and suppliers;
- failure to participate effectively or at all in the growing online retail marketplace;
- material disruption to our information technology systems;
- risks associated with products we and our IOs sell;

- risks associated with laws and regulations generally applicable to retailers;
- legal proceedings from customers, suppliers, employees, governments or competitors;
- unexpected costs and negative effects associated with our insurance program;
- inability to attract, train and retain highly qualified employees;
- difficulties associated with labor relations;
- loss of our key personnel or inability to hire additional qualified personnel;
- changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters;
- impairment of goodwill and other intangible assets;
- any significant decline in our operating profit and taxable income;
- risks associated with tax matters;
- natural disasters and unusual weather conditions (whether or not caused by climate change), pandemic outbreaks, terrorist acts, global political events and other serious catastrophic events;
- economic downturns or natural or man-made disasters in geographies where our stores are located;
- management's limited experience managing a public company;
- risks associated with IOs being consolidated into our financial statements;
- failure of our IOs to successfully manage their business;
- failure of our IOs to repay notes outstanding to us;
- inability to attract and retain qualified IOs;
- inability of our IOs to avoid excess inventory shrink;
- any loss or changeover of an IO;
- legal proceedings initiated against our IOs;
- legal challenges to the independent contractor business model;
- failure to maintain positive relationships with our IOs;
- risks associated with actions our IOs could take that could harm our business;
- the significant influence of the H&F Investor over us;
- our ability to generate cash flow to service our substantial debt obligations; and
- the other factors discussed under "Risk Factors."

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Other sections of this prospectus may include additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Before investing in our common stock, investors should be aware that the occurrence of the events described under the caption “Risk Factors” and elsewhere in this prospectus could have a material adverse effect on our business, results of operations and future financial performance.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $249.8 million from the sale of shares of our common stock in this offering, based on an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting assumed underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering to repay the term loan outstanding under our Second Lien Credit Agreement totaling $150.0 million, plus accrued interest thereon of approximately $3.8 million and the remainder, together with cash on hand, to repay certain term loan outstanding under our First Lien Credit Agreement totaling $99.8 million, plus accrued interest thereon of approximately $1.6 million. To the extent we raise more proceeds in this offering than currently estimated, we will use such proceeds for general corporate purposes, which may include, among other things, further repayment of indebtedness. To the extent we raise less in this offering than currently estimated, we may, if necessary, reduce the amount of the indebtedness that will be repaid. For information about the applicable interest rates, maturity dates and use of proceeds of loans under our Second Lien Credit Agreement and our First Lien Credit Agreement see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities.”

We entered into the Credit Facilities on October 22, 2018 in order to refinance our Existing Credit Facilities (as defined elsewhere in this prospectus). The proceeds of the Credit Facilities were used to repay the amounts outstanding under the Existing Credit Facilities and to pay a cash dividend and related fees in connection with the 2018 Recapitalization. For additional information see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Comparability of our Results of Operations—Financing Transactions and Payments to Stockholders.”

A $1.00 increase (decrease) in the assumed initial public offering price of $16.00 per share, based on the midpoint of the price range set forth on the front cover of this prospectus, would increase (decrease) the net proceeds to us from this offering by $16.1 million, assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the assumed underwriting discounts and commissions and estimated offering expenses payable by us. An increase (decrease) of 100,000 shares from the expected number of shares to be sold by us in this offering, assuming no change in the assumed initial public offering price per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would increase (decrease) our net proceeds from this offering by $1.5 million.

DIVIDEND POLICY

We currently do not expect to declare any dividends on our common stock in the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used to provide working capital, to support our operations, to finance the growth and development of our business and to reduce our net debt. Any determination to declare dividends in the future will be at the discretion of our board of directors, subject to applicable laws, and will be dependent on a number of factors, including our earnings, capital requirements and overall financial condition. In addition, because we are a holding company, our ability to pay dividends on our common stock may be limited by restrictions on our ability to obtain sufficient funds through dividends from subsidiaries, including restrictions under the covenants of the credit agreements governing our Credit Facilities, and may be further restricted by the terms of any future debt or preferred securities. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities” for more information about our Credit Facilities.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 30, 2019:

- on an actual basis; and
- on an as adjusted basis, giving effect to (1) the sale by us of approximately 17,187,500 shares of our common stock in this offering based on an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, after deducting assumed underwriting discounts and commissions and estimated offering expenses payable by us, (2) the application of the estimated net proceeds from the offering to repay the outstanding term loan under our Second Lien Credit Agreement and the remainder, together with cash on hand, to repay a portion of the outstanding term loan under our First Lien Credit Agreement, as described in "Use of Proceeds," (3) the conversion of our nonvoting common stock into voting common stock on a one-for-one basis and the redemption of our Series A Preferred Stock upon the closing of this offering and (4) the filing and effectiveness of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws in connection with the closing of this offering.

You should read this table together with "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes appearing elsewhere in this prospectus.

	As of March 30, 2019	
	Actual	As Adjusted (1)
	(dollars in thousands)	
Cash and cash equivalents (2)	$ 19,596	$ 19,479
Long-term debt, including current portion of long-term debt:		
First Lien Credit Agreement (3)	$ 723,188	$ 623,430
Second Lien Credit Agreement	150,000	—
Other long-term debt (4)	426	426
Combined aggregate unamortized debt discount and debt issuance costs	(18,958)	(13,814)
Total debt	854,656	610,042
Stockholders' equity:		
Common stock, $0.001 par value, voting common stock; 107,536,215 shares authorized, actual, 67,477,726 shares issued and outstanding, actual, 500,000,000 shares authorized, as adjusted, 85,703,639 shares issued and outstanding, as adjusted	67	86
Common stock, $0.001 par value, nonvoting common stock; 17,463,785 shares authorized, actual, 1,038,413 shares issued and outstanding, actual, no shares authorized, as adjusted, no shares issued and outstanding, as adjusted	1	—
Preferred stock, $0.001 par value; 1 share authorized, actual, 1 share issued and outstanding, actual, 50,000,000 shares authorized, as adjusted, no shares issued and outstanding, as adjusted	—	—
Additional paid-in capital	287,668	537,408
Retained earnings	16,115	10,971
Total stockholders' equity	303,851	548,465
Total capitalization	$1,158,507	$1,158,507

(1) A $1.00 increase or decrease in an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would not significantly increase

or decrease, as applicable, cash and cash equivalents, and would increase or decrease, as applicable, additional paid-in capital, total stockholders' equity and total capitalization by $16.1 million, and would decrease or increase, as applicable, total debt by $16.1 million, assuming, in each case, the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting assumed underwriting discounts and commissions and the estimated offering expenses payable by us. An increase or decrease of 100,000 shares in the number of shares sold in this offering by us would not significantly increase or decrease, as applicable, cash and cash equivalents, and would increase or decrease, as applicable, additional paid-in capital, total stockholders' equity and total capitalization by $1.5 million, and would decrease or increase, as applicable, total debt by $1.5 million, assuming, in each case, an initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting assumed underwriting discounts and commissions and the estimated offering expenses payable by us.

(2) Cash and cash equivalents, as adjusted, as of March 30, 2019 is decreased only by the two days of interest accrued since the previous quarterly interest payment date.

(3) As of March 30, 2019, we had a $100.0 million revolving credit facility under our First Lien Credit Agreement under which we had $96.6 million of availability thereunder after giving effect to outstanding letters of credit as of such date.

(4) Represents remaining balance of a store capital lease.

The number of shares of our common stock to be outstanding immediately after this offering is based on 68,516,139 shares outstanding as of March 30, 2019 (after giving effect to the 1.403 for 1 forward stock split effected on June 6, 2019) and excludes:

- the increase in our authorized voting common stock to 482,536,214 shares effected on June 6, 2019;
- 70,292 shares of common stock underlying 70,292 restricted stock units that were outstanding as of March 30, 2019;
- 11,651,160 shares of common stock issuable upon exercise of outstanding options to purchase shares of our common stock as of March 30, 2019;
- 1,364,348 shares of common stock issuable upon the exercise of time-based options to purchase shares of common stock with an exercise price equal to the initial public offering price in this offering and 161,221 shares of common stock underlying restricted stock units, all of which were granted on June 4, 2019 and will be effective on the pricing of this offering with respect to stock options, and upon effectiveness of our Form S-8, with respect to restricted stock units; and
- 3,072,293 shares of our common stock available for future issuance under our 2019 Incentive Plan, which we intend to adopt in connection with this offering.

DILUTION

If you invest in our common stock in this offering, your ownership interest in us will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the net tangible book value per share of our common stock as adjusted to give effect to this offering. Dilution results from the fact that the per share offering price of the common stock is substantially in excess of the book value per share attributable to the shares of common stock held by existing stockholders.

Our net tangible book deficit as of March 30, 2019 was approximately $(511.1) million or $(7.46) per share. We calculate net tangible book value per share by taking the amount of our total tangible assets, reduced by the amount of our total liabilities, and then dividing that amount by the total number of shares of common stock outstanding.

After giving effect to our sale of the shares in this offering at an assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting assumed underwriting discounts and commissions and estimated offering expenses payable by us and after giving effect to the application of the net proceeds from this offering as described under “Use of Proceeds,” our net tangible book deficit as adjusted to give effect to this offering on March 30, 2019 would have been $(266.5) million, or $(3.11) per share. This amount represents an immediate increase in net tangible book value of $4.35 per share to existing stockholders and an immediate dilution in net tangible book value of $19.11 per share to new investors purchasing shares in this offering at the assumed initial public offering price.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$16.00
Net tangible book deficit per share as of March 30, 2019	$(7.46)	
Increase in net tangible book value per share attributable to new investors purchasing shares in this offering	4.35	
Net tangible book deficit per share as adjusted to give effect to this offering		(3.11)
Dilution per share to new investors in this offering		$19.11

Dilution is determined by subtracting net tangible book value per share of common stock as adjusted to give effect to this offering, from the initial public offering price per share of common stock.

Assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same, after deducting assumed underwriting discounts and commissions and estimated offering expenses payable by us and after giving effect to the application of the net proceeds from this offering as described under “Use of Proceeds,” a $1.00 increase or decrease in the assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would increase or decrease the net tangible book value attributable to new investors purchasing shares in this offering by $0.19 per share and the dilution to new investors by $0.81 per share and increase or decrease the net tangible book value per share, as adjusted to give effect to this offering, by $0.19 per share.

The following table summarizes, as of March 30, 2019, the differences between the number of shares purchased from us, the total consideration paid to us, and the average price per share paid by existing stockholders and by new investors. As the table shows, new investors purchasing shares in this offering will pay an average price per share substantially higher than our existing stockholders paid. The table below is based on 85,703,639 shares of common stock outstanding immediately after the consummation of this offering and does not give effect to the shares of common stock reserved for future issuance under our 2019 Incentive Plan. A total of 3,072,293 shares of common stock have been reserved for future issuance under our 2019 Incentive Plan. The table below assumes an initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, for shares purchased in this offering excludes assumed underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration (1)		Average Price Per Share (1)
	Number	Percent	Amount (millions)	Percent	
Existing stockholders	68,516,139	79.9%	$ 487.2	63.9%	$ 7.11
New investors	17,187,500	20.1	275.0	36.1	16.00
Total	85,703,639	100.0%	$ 762.2	100.0%	

(1) Total consideration and average price per share for existing stockholders does not take into account any return of capital as a result of our 2016 Recapitalization or our 2018 Recapitalization.

If the underwriters were to fully exercise the underwriters' option to purchase 2,578,125 additional shares of our common stock, the percentage of shares of our common stock held by existing stockholders would be 77.6% and the percentage of shares of our common stock held by new investors would be 22.4%.

Assuming the number of shares offered by us, as set forth on the front cover of this prospectus, remains the same, excluding assumed underwriting discounts and estimated commissions and offering expenses payable by us, a $1.00 increase or decrease in the assumed initial public offering price of $16.00 per share, which is the midpoint of the price range set forth on the front cover of this prospectus, would increase or decrease total consideration paid by new investors and total consideration paid by all stockholders by approximately $17.2 million.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth the selected consolidated financial data of the Company for the periods presented. The selected consolidated financial data for the fiscal years 2016, 2017 and 2018 and the summary balance sheet data as of December 30, 2017 and December 29, 2018 are derived from our audited consolidated financial statements and the related notes appearing elsewhere in this prospectus. The selected consolidated financial data for the period from December 29, 2013 through October 7, 2014, for the period from October 8, 2014 through January 3, 2015 and for fiscal year 2015 and the summary balance sheet data as of January 3, 2015 and January 2, 2016 presented below were derived from unaudited consolidated financial statements which are not included in this prospectus. The selected consolidated financial data for the fiscal quarters ended March 31, 2018 and March 30, 2019 and the summary balance sheet data as of March 30, 2019 are derived from our unaudited condensed consolidated financial statements and the related notes appearing elsewhere in this prospectus. All unaudited consolidated financial statements referenced herein were prepared on a basis consistent with the audited consolidated financial statements and in the opinion of management reflect all adjustments necessary for a fair statement of the financial information. The summary balance sheet data as of December 31, 2016 presented below was derived from audited consolidated financial statements which are not included in this prospectus. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods. We operate on a fiscal year that ends on the Saturday closest to December 31st each year. Fiscal years 2015 through 2018 all contained 52 weeks and the fiscal year ended January 3, 2015 contained 53 weeks. Both first quarters 2018 and 2019 contained 13 weeks.

The selected consolidated financial data set forth below should be read in conjunction with “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Predecessor	Successor						
	Period from December 29, 2013 through October 7, 2014	Period from October 8, 2014 through January 3, 2015	Fiscal Year Ended				Fiscal Quarter Ended	
			January 2, 2016	December 31, 2016	December 30, 2017	December 29, 2018	March 31, 2018	March 30, 2019
			(in thousands, except per share data)					
Statement of Operations Data:								
Net sales	$ 1,139,429	$ 371,015	$1,627,306	$ 1,831,531	$ 2,075,465	$ 2,287,660	$ 550,558	$ 606,271
Cost of sales	793,227	266,929	1,135,090	1,270,354	1,443,582	1,592,263	381,989	419,254
Gross profit	346,202	104,086	492,216	561,177	631,883	695,397	168,569	187,017
Operating expenses:								
Selling, general and administrative expenses	292,628	91,867	401,204	457,051	510,136	557,100	136,736	152,854
Depreciation and amortization expenses	28,829	7,384	31,243	37,152	43,152	45,421	11,178	12,296
Stock-based compensation expenses	68,502	—	172	2,905	1,659	10,409	134	211
Total operating expenses	389,959	99,251	432,619	497,108	554,947	612,930	148,048	165,361
Income/(loss) from operations	(43,757)	4,835	59,597	64,069	76,936	82,467	20,521	21,656
Other expense:								
Interest expense, net	24,348	11,573	45,900	47,147	49,698	55,362	12,912	16,438
Debt extinguishment and modification costs	—	12,695	5,473	—	1,466	5,253	—	—
Total other expense	24,348	24,268	51,373	47,147	51,164	60,615	12,912	16,438
Income/(loss) before income taxes	(68,105)	(19,433)	8,224	16,922	25,772	21,852	7,609	5,218
Income tax expense/(benefit)	(24,753)	(7,644)	3,459	6,724	5,171	5,984	2,084	1,444
Net income/(loss)	$ (43,352)	$ (11,789)	$ 4,765	$ 10,198	$ 20,601	$ 15,868	$ 5,525	$ 3,774

	Predecessor	Successor						
	Period from December 29, 2013 through October 7, 2014	Period from October 8, 2014 through January 3, 2015	Fiscal Year Ended				Fiscal Quarter Ended	
			January 2, 2016	December 31, 2016	December 30, 2017	December 29, 2018	March 31, 2018	March 30, 2019
			(in thousands, except per share data)					
Per Share Data (1):								
Net income per share (basic and diluted)								
Basic		$ (0.17)	$ 0.07	$ 0.15	$ 0.30	$ 0.24	$ 0.08	$ 0.06
Diluted		$ (0.17)	$ 0.07	$ 0.15	$ 0.30	$ 0.23	$ 0.08	$ 0.06
Weighted average shares outstanding (basic and diluted)								
Basic		68,384	68,219	68,260	68,232	68,473	68,468	68,514
Diluted		68,452	68,266	68,323	68,332	68,546	68,516	68,553
Statement of Cash Flows Data:								
Net cash provided by (used in) operating activities	$ 46,136	$ (80,770)	$ 43,176	$ 70,875	$ 84,703	$ 105,811	$ 31,545	$ 22,240
Net cash used in investing activities	(35,104)	(1,027,156)	(50,624)	(65,416)	(77,820)	(73,550)	(15,277)	(19,997)
Net cash provided by (used in) financing activities	(3,067)	1,106,426	(7,773)	(4,328)	(7,935)	(16,999)	(1,424)	(3,710)

	Predecessor	Successor						
	Period from December 29, 2013 through October 7, 2014	Period from October 8, 2014 through January 3, 2015	Fiscal Year Ended				Fiscal Quarter Ended	
			January 2, 2016	December 31, 2016	December 30, 2017	December 29, 2018	March 31, 2018	March 30, 2019
			(dollars in thousands)					
Other Financial and Operations Data:								
Number of new stores	14	3	20	29	29	26	3	8
Number of stores open at end of period	216	218	237	265	293	316	296	323
Comparable store sales growth (2)	5.3%	5.0%	4.2%	3.6%	5.3%	3.9%	4.5%	4.2%
Gross margin	30.4%	28.1%	30.2%	30.6%	30.4%	30.4%	30.6%	30.8%
EBITDA (3)	$ (14,928)	$ (476)	$ 85,367	$ 101,221	$ 118,622	$ 124,271	$ 32,056	$ 34,505
Adjusted EBITDA (3)	$ 58,326	$ 43,047	$ 108,236	$ 123,415	$ 136,319	$ 153,578	$ 36,112	$ 39,123
Adjusted net income (3)	$ 5,506	$ 17,932	$ 27,642	$ 33,765	$ 48,655	$ 49,308	$ 11,552	$ 9,947

	Successor					
	As of					
	January 3, 2015	January 2, 2016	December 31, 2016	December 30, 2017	December 29, 2018	March 30, 2019
	(in thousands)					
Balance Sheet Data:						
Cash and cash equivalents	$ 20,943	$ 5,722	$ 6,853	$ 5,801	$ 21,063	$ 19,596
Working capital (4)	59,345	62,746	68,186	76,224	89,448	63,000
Total assets (5)	1,201,628	1,220,853	1,268,470	1,317,871	1,376,862	2,059,912
Total debt (6)	624,455	625,782	711,866	710,886	857,368	854,656
Total liabilities (5)	726,782	741,070	862,118	890,738	1,076,911	1,756,061
Total stockholders' equity	474,846	479,783	406,352	427,133	299,951	303,851
Total liabilities and stockholders' equity (5)	1,201,628	1,220,853	1,268,470	1,317,871	1,376,862	2,059,912

(1) We have not presented per share data for the 2014 predecessor period as we believe the information will not be meaningful to investors due to the differences in the legal entity structure and capitalization.

(2) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors and Measures We Use to Evaluate Our Business—Comparable Store Sales."

(3) For more information on our use of EBITDA, adjusted EBITDA and adjusted net income see "Management's Discussion and Analysis of Financial Condition and Results of Operations —Key Factors

and Measures We Use to Evaluate Our Business—EBITDA, Adjusted EBITDA and Adjusted Net Income." The following table provides a reconciliation from our net income to EBITDA and adjusted EBITDA and our net income to adjusted net income for the period from December 29, 2013 through October 7, 2014 and the period from October 8, 2014 through January 3, 2015, the fiscal years 2015, 2016, 2017 and 2018 and first quarters 2018 and 2019.

	Predecessor	Successor						
	Period from December 29, 2013 through October 7, 2014	Period from October 8, 2014 through January 3, 2015	Fiscal Year Ended				Fiscal Quarter Ended	
			January 2, 2016	December 31, 2016	December 30, 2017	December 29, 2018	March 31, 2018	March 30, 2019
			(in thousands)					
Net (loss) income	$ (43,352)	$ (11,789)	$ 4,765	$ 10,198	$ 20,601	$ 15,868	$ 5,525	$ 3,774
Interest expense, net	24,348	11,573	45,900	47,147	49,698	55,362	12,912	16,438
Income tax (benefit) expense	(24,753)	(7,644)	3,459	6,724	5,171	5,984	2,084	1,444
Depreciation and amortization expenses	28,829	7,384	31,243	37,152	43,152	47,057	11,535	12,849
EBITDA	(14,928)	(476)	85,367	101,221	118,622	124,271	32,056	34,505
Stock-based compensation expenses (a)	68,502	—	172	2,905	1,659	10,409	134	211
Purchase accounting inventory adjustments (b)	—	7,100	—	—	—	—	—	—
Debt extinguishment and modification costs (c)	—	12,695	5,473	—	1,466	5,253	—	—
Non-cash rent (d)	1,422	2,356	9,937	8,451	8,401	7,903	1,840	1,862
Asset impairment and gain or loss on disposition (e)	(49)	48	889	519	549	1,306	(52)	182
New store pre-opening expenses (f)	745	205	1,693	2,580	1,807	1,555	270	421
Rent for acquired leases (g)	—	—	2,385	2,388	72	—	—	—
Provision for accounts receivable reserves (h)	700	1,100	1,225	4,018	3,004	749	1,538	1,483
Other (i)	1,934	20,019	1,095	1,333	739	2,132	326	459
Adjusted EBITDA	$ 58,326	$ 43,047	$ 108,236	$ 123,415	$ 136,319	$ 153,578	$ 36,112	$ 39,123

	Predecessor	Successor						
	Period from December 29, 2013 through October 7, 2014	Period from October 8, 2014 through January 3, 2015	Fiscal Year Ended				Fiscal Quarter Ended	
			January 2, 2016	December 31, 2016	December 30, 2017	December 29, 2018	March 31, 2018	March 30, 2019
			(in thousands)					
Net (loss) income	$ (43,352)	$ (11,789)	$ 4,765	$ 10,198	$ 20,601	$ 15,868	$ 5,525	$ 3,774
Stock-based compensation expenses (a)	68,502	—	172	2,905	1,659	10,409	134	211
Purchase accounting inventory adjustment (b)	—	7,100	—	—	—	—	—	—
Debt extinguishment and modification costs (c)	—	12,695	5,473	—	1,466	5,253		
Non-cash rent (d)	1,422	2,356	9,937	8,451	8,401	7,903	1,840	1,862
Asset impairment and gain or loss on disposition (e)	(49)	48	889	519	549	1,306	(52)	182
New store pre-opening expenses (f)	745	205	1,693	2,580	1,807	1,555	270	421
Rent for acquired leases (g)	—	—	2,385	2,388	72	—	—	—
Provision for accounts receivable reserves (h)	700	1,100	1,225	4,018	3,004	749	1,538	1,483
Other (i)	1,934	20,019	1,095	1,333	739	2,132	327	459
Amortization of purchase accounting assets and deferred financing costs (j)	4,310	3,659	16,618	16,914	17,399	16,744	4,243	3,916
Tax effect of total adjustments (k)	(28,706)	(17,461)	(16,610)	(15,541)	(7,042)	(12,611)	(2,273)	(2,361)
Adjusted net income	$ 5,506	$ 17,932	$ 27,642	$ 33,765	$ 48,655	$ 49,308	$ 11,552	$ 9,947

(a) Represents non-cash stock compensation expense of $68.5 million in 2014 related to the 2014 H&F Acquisition, $0.2 million in 2015, $0.3 million in 2016, $0.4 million in each of 2017 and 2018 and $0.1 million in each of the first quarters 2018 and 2019, with the remainder representing dividend cash payments made in respect of vested options as a result of dividends declared in connection with our 2016 Recapitalization and our 2018 Recapitalization. We expect to pay an additional $4.3 million in the aggregate on options as they vest in respect of such dividends, of which $3.5 million is expected to be paid in the remainder of fiscal 2019.

(b) Reflects an inventory step-up resulting from the application of purchase accounting relating to the 2014 H&F Acquisition.

(c) Represents debt extinguishment and modification costs related to the write-off of debt issuance costs and non-capitalizable expenses related to the 2014 H&F Acquisition, June 2017 repricing of our first and second lien credit facilities and the modification of our first and second lien credit facilities in connection with our 2018 Recapitalization.

(d) Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments. The adjustment can vary depending on the average age of our lease portfolio, which has been impacted by our significant growth in recent years.

(e) Represents impairment charges with respect to planned store closures and gains or losses on dispositions of assets in connection with store transitions to new IOs.

(f) Includes marketing, occupancy and other expenses incurred in connection with store grand openings, including costs that will be the IO's responsibility after store opening.

(g) Represents cash occupancy expenses on leases acquired from Fresh & Easy Inc. in 2015 for the periods prior to opening new stores on such sites (commonly referred to as "dead rent").

(h) Represents non-cash changes in reserves related to our IO notes and accounts receivable.

(i) Transaction expenses relating to the 2014 H&F Acquisition and other non-recurring, non-cash or discrete items as determined by management, including personnel-related costs, strategic project costs, legal expenses and miscellaneous costs.

(j) Represents amortization of debt issuance costs and incremental amortization of an asset step-up resulting from purchase price accounting related to the 2014 H&F Acquisition which included trademarks, customer lists and below-market leases.

(k) Represents the tax effect of the total adjustments at our estimated effective tax rate.

(4) Working capital is defined as current assets minus current liabilities.

(5) In connection with the adoption of Accounting Standards Codification Topic 842, we have recognized an operating right-of-use asset of $659.7 million and a lease liability of $730.4 million as of March 30, 2019.

(6) Total debt consists of the current and long-term portions of our total debt outstanding, net of debt discount and debt issuance costs. Total gross debt outstanding was $650.0 million, $645.5 million, $730.3 million, $725.0 million, $875.0 million and $873.2 million as of January 3, 2015, January 2, 2016, December 31, 2016, December 30, 2017, December 29, 2018 and March 30, 2019, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with the section titled "Selected Consolidated Financial Data" and our consolidated financial statements and related notes which are included elsewhere in this prospectus. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other sections of this prospectus.

We operate on a fiscal year that ends on the Saturday closest to December 31st each year. References to the years 2016, 2017 and 2018 refer to the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018, each of which contained 52 weeks. References to the first quarter 2019 and the first quarter 2018 refer to the 13 weeks ended March 30, 2019 and March 31, 2018, respectively.

Our Company

We are a high-growth, extreme value retailer of quality, name-brand consumables and fresh products sold through a network of independently operated stores. Each of our stores offers a fun, treasure hunt shopping experience in an easy-to-navigate, small-box format. An ever-changing assortment of "WOW!" deals, complemented by everyday staple products, generates customer excitement and encourages frequent visits from bargain-minded shoppers. Our flexible buying model allows us to offer quality, name-brand opportunistic products at prices generally 40% to 70% below those of conventional retailers. Entrepreneurial independent operators ("IOs") run our stores and create a neighborhood feel through personalized customer service and a localized product offering. This differentiated approach has driven 15 consecutive years of positive comparable store sales growth.

Our differentiated model for buying and selling delivers a "WOW!" shopping experience, which generates customer excitement, inspires loyalty and supports profitable sales growth:

- ***How we buy:*** We source quality, name-brand consumables and fresh products opportunistically through a large, centralized purchasing team that leverages long-standing and actively managed supplier relationships to acquire merchandise at significant discounts. Our speed and efficiency in responding to supplier needs combined with our specialized supply chain capabilities and flexible merchandising strategy enhance our access to discounted products and allow us to turn inventory quickly and profitably. Our buyers proactively source on-trend products based on changing consumer preferences, including a wide selection of Natural, Organic, Specialty and Healthy ("NOSH") products. We also source everyday staple products to complement our opportunistic offerings. We purchase over 85,000 stock keeping units ("SKUs") from approximately 1,500 suppliers annually. Each store offers a curated and ever-changing assortment of approximately 5,000 SKUs, creating a "buy now" sense of urgency that promotes return visits and fosters customer loyalty.

- ***How we sell:*** Our stores are independently operated by entrepreneurial small business owners that have a relentless focus on selecting the best products for their communities, providing personalized customer service and driving improved store performance. Unlike a store manager of a traditional retailer, IOs are independent businesses and are responsible for store operations, including ordering, merchandising and managing inventory, marketing locally and directly hiring, training and employing their store workers. IOs also initially contribute capital to establish their business and share store-level gross profits with us. This both aligns our interests and incentivizes IOs to aggressively grow their business to realize substantial financial upside. This combination of local decision-making supported by our purchasing scale and corporate resources results in a "small business at scale" model that we believe is difficult for competitors to replicate.

Our Growth Strategies

We plan to continue to drive sales growth and profitability by maintaining a relentless focus on our value proposition and executing on the following strategies:

- ***Drive Comparable Sales Growth*.** We expect that our compelling value proposition will continue to attract new customers, drive repeat visits, increase basket sizes and, as a result, generate strong comparable store sales growth. We plan to:

  - ***Deliver More "WOW!" Deals and Expand Our Offerings.*** We intend to drive incremental traffic and increase our share of wallet by further leveraging our purchasing model. We continue to deepen existing and develop new supplier relationships to ensure that we are the preferred partner and the first call for opportunistic inventory. As a result, we believe there is a significant opportunity to source and offer more "WOW!" deals within existing and new product categories, thereby offering greater value and variety to customers. For example, in response to growing consumer preferences for fresh and healthy options, we have grown NOSH primarily through opportunistic purchasing to represent over 15% of our current product mix. More recently, we have expanded our offerings to include fresh seafood and grass-fed meat in order to increase sales to existing and new customers.

  - ***Support IOs in Enhancing the "WOW!" Customer Experience.*** We continue to implement operational initiatives to support IOs in enhancing the customer experience. We develop and improve tools that provide IOs with actionable insights on sales, margin and customer behavior, enabling them to further grow their business. Our recently enhanced inventory planning tools help IOs make better local assortment decisions while reducing out-of-stock items and losses related to product markdowns, throwaways and theft ("shrink"). We also regularly deploy updated fixtures, signage and enhanced in-store marketing to further improve the shopping experience, which we believe results in higher customer traffic and average basket sizes.

  - ***Increase Customer Awareness and Engagement.*** Our marketing strategy is focused on growing awareness, encourage new customers to visit our stores and increasing engagement with all bargain-minded consumers. Our recent emphasis on digital marketing is enabling us to deliver specific and real-time information to our customers about the most compelling "WOW!" deals at their local store. We have over one million email subscribers in our database, most of whom receive daily and weekly "WOW! Alerts." Along with our IOs, we have begun to utilize social media to increase our brand affinity and interact with customers more directly on a daily basis. Looking forward, we see an opportunity to further personalize our digital communications to both increase engagement with our existing customers and introduce new customers to our stores. We will continue to supplement our digital marketing with traditional print and broadcast advertising including through our new marketing campaign, "Welcome to Bargain Bliss."

- ***Execute on Store Expansion Plans.*** We believe the success of our stores across a broad range of geographies, population densities and demographic groups creates a significant opportunity to profitably increase our store count. Our new stores typically require an average net cash investment of approximately $2.0 million and realize a payback on investment within four years. In 2018, we opened 26 new stores and expect to open 32 new stores in 2019. Based on our experience, in addition to research conducted by eSite Analytics, we believe there is an opportunity to establish over 400 additional locations in the states in which we currently operate and approximately 1,600 additional locations when neighboring states are included. Our goal is to expand our store base by approximately 10% annually by penetrating existing and contiguous regions. Over the long term, we believe the market potential exists to establish 4,800 locations nationally.

- ***Implement Productivity Improvements to Reinvest in Our Value Proposition*.** Our seasoned management team has a proven track record of growing our business while maintaining a disciplined cost structure. Since the 2014 H&F Acquisition, we have made significant investments that have laid a

solid foundation for future growth. For example, we recently implemented a new warehouse management system that has yielded increased distribution labor productivity and improved store ordering capabilities to help reduce shrink. We have implemented and will continue to identify and implement productivity improvements through both operational initiatives and system enhancements, such as category assortment optimization, improved inventory management tools and greater purchasing specialization. We intend to reinforce our value proposition and drive further growth by reinvesting future productivity improvements into enhanced buying and selling capabilities.

Key Factors and Measures We Use to Evaluate Our Business

We consider a variety of financial and operating measures in assessing the performance of our business. The key GAAP measures we use are sales, gross profit and gross margin, selling, general and administrative expenses ("SG&A") and operating income. The key non-GAAP measures we use are number of new stores, comparable store sales, EBITDA, adjusted EBITDA and adjusted net income.

Number of New Stores

The number of new stores reflects the number of stores opened during a particular reporting period. New stores require an initial capital investment in the store build-outs, fixtures and equipment which we amortize over time as well as cash required for inventory and pre-opening expenses.

We opened 29 new stores in each of fiscal years 2016 and 2017, opened 26 new stores in fiscal year 2018, three new stores in the first quarter 2018 and eight new stores in the first quarter 2019, all of which are operated by IOs. We closed one store in each of fiscal years 2016 and 2017 and closed three stores in fiscal year 2018. Those store closures included two company operated stores closed at the end of their lease terms, one company operated store closed due to landlord site redevelopment, one IO store destroyed by wildfire and one IO store closed at the end of its lease term. We closed no stores in the first quarter 2018 and one store in the first quarter 2019. We expect new store growth of IO stores to be the primary driver of our sales growth. We lease substantially all of our store locations. Our initial lease terms on stores are typically ten years with options to renew for two or three successive five-year periods.

Sales

We recognize revenues from the sale of products at the point of sale, net of any taxes or deposits collected and remitted to governmental authorities. Discounts provided to customers by us are recognized at the time of sale as a reduction in sales as the products are sold. Discounts that are funded solely by IOs are not recognized as a reduction in sales as the IO bears the incidental costs arising from the discount. We do not accept manufacturer coupons. Sales consist of sales from comparable stores and non-comparable stores, described below under "Comparable Store Sales." Growth of our sales is primarily driven by expansion of our store base in existing and new markets as well as comparable store sales growth. Sales are impacted by product mix and availability, as well as promotional and competitive activities and the spending habits of our customers. Our ever-changing selection of offerings across diverse product categories supports growth in sales by attracting new customers and encouraging repeat visits from our existing customers.

The spending habits of our customers are subject to macroeconomic conditions and changes in discretionary income. Our customers' discretionary income is primarily impacted by wages, fuel and other cost-of-living increases including food-at-home inflation, as well as consumer trends and preferences, which fluctuate depending on the environment. Because we offer a broad selection of merchandise at extreme values, in the past we have benefited from periods of economic uncertainty.

Comparable Store Sales

Comparable store sales measure performance of a store during the current reporting period against the performance of the same store in the corresponding period of the previous year. Comparable store sales are impacted by the same factors that impact sales.

Comparable store sales consist of sales from our stores beginning on the first day of the fourteenth full fiscal month following the store's opening, which is when we believe comparability is achieved. Included in our comparable store definition are those stores that have been remodeled, expanded, or relocated in their existing location or respective trade areas. Excluded from our comparable store definition are those stores that have been closed for an extended period as well as any planned store closures or dispositions. When applicable, we exclude the sales in the non-comparable week of a 53-week year from the same store sales calculation.

Opening new stores is a primary component of our growth strategy and, as we continue to execute on our growth strategy, we expect a significant portion of our sales growth will be attributable to non-comparable store sales. Accordingly, comparable store sales are only one measure we use to assess the success of our growth strategy.

Prior to 2014, we calculated comparable store sales growth based on gross sales for stores beginning on the 366th day after opening. While we believe results under this prior method do not materially differ from results under our current method, we believe that our current methodology more appropriately adjusts for higher sales volumes that typically occur in conjunction with a store's grand opening events.

Gross Profit and Gross Margin

Gross profit is equal to our sales less our cost of sales. Cost of sales includes, among other things, merchandise costs, inventory markdowns, shrink and transportation, distribution and warehousing costs, including depreciation. Gross margin is gross profit as a percentage of our sales. Gross margin is a measure used by management to indicate whether we are selling merchandise at an appropriate gross profit.

Gross margin is impacted by product mix and availability, as some products generally provide higher gross margins, and by our merchandise costs, which can vary. Gross margin is also impacted by the costs of distributing and transporting product to our stores, which can vary.

Our gross profit is variable in nature and generally follows changes in sales. Our disciplined buying approach has produced consistent gross margins throughout economic cycles which we believe has helped to mitigate adverse impacts on gross profit and results of operations.

The components of our cost of sales may not be comparable to the components of cost of sales or similar measures of our competitors and other retailers. As a result, our gross profit and gross margin may not be comparable to similar data made available by our competitors and other retailers.

Prior to 2014, we calculated gross margin based on gross sales, not deducting for deposits collected or discounts provided, and excluding warehouse depreciation.

Selling, General and Administrative Expenses

SG&A expenses are comprised of both store-related expenses and corporate expenses. Store-related expenses include commissions paid to IOs, occupancy and shared maintenance costs, Company-operated store expenses, including payroll, benefits, supplies and utilities and the cost of opening new IO stores. Corporate expenses include payroll and benefits for corporate and field support, marketing and advertising, insurance and professional services and AOT recruiting and training costs. SG&A generally increases as we grow our store base and invest in corporate infrastructure. SG&A expenses related to commissions paid to IOs are variable in nature and generally increase as gross profits rise. The remainder of our expenses are primarily fixed in nature. We continue to closely manage our expenses and monitor SG&A as a percentage of sales.

The components of our SG&A may not be comparable to the components of similar measures of other retailers. We expect that our SG&A will continue to increase in future periods as we grow.

Operating Income

Operating income is gross profit less SG&A, depreciation and amortization and stock-based compensation. Operating income excludes interest expense, net, debt extinguishment and modification costs and income tax expense. We use operating income as an indicator of the productivity of our business and our ability to manage expenses.

EBITDA, Adjusted EBITDA and Adjusted Net Income

EBITDA, adjusted EBITDA and adjusted net income are key metrics used by management and our board of directors to assess our financial performance. EBITDA, adjusted EBITDA and adjusted net income are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We use EBITDA, adjusted EBITDA and adjusted net income to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions and to compare our performance against that of other peer companies using similar measures. In addition, we use EBITDA to supplement GAAP measures of performance to evaluate our performance in connection with compensation decisions. Management believes it is useful to investors and analysts to evaluate these non-GAAP measures on the same basis as management uses to evaluate our operating results. We believe that excluding items from operating income, net income and net income per diluted share that may not be indicative of, or are unrelated to, our core operating results, and that may vary in frequency or magnitude, enhances the comparability of our results and provides a better baseline for analyzing trends in our business.

We define EBITDA as net income before net interest expense, income taxes and depreciation and amortization expenses. Adjusted EBITDA represents EBITDA adjusted to exclude stock-based compensation expense, purchase accounting inventory adjustments, debt extinguishment and modification costs, non-cash rent, asset impairment and gain or loss on disposition, new store pre-opening expenses, dead rent for acquired leases, provision for accounts receivable reserves and other expenses. Adjusted net income represents net income adjusted for the previously mentioned EBITDA adjustments, further adjusted for costs related to amortization of purchase accounting assets and deferred financing costs and tax effect of total adjustments. EBITDA, adjusted EBITDA and adjusted net income are non-GAAP measures and may not be comparable to similar measures reported by other companies. EBITDA, adjusted EBITDA and adjusted net income have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. We address the limitations of the non-GAAP measures through the use of various GAAP measures. In the future we may incur expenses or charges such as those added back to calculate adjusted EBITDA or adjusted net income. Our presentation of adjusted EBITDA and adjusted net income should not be construed as an inference that our future results will be unaffected by these items. For further discussion of EBITDA, adjusted EBITDA and adjusted net income and for reconciliations of EBITDA, adjusted EBITDA and adjusted net income to net income, the most directly comparable GAAP measure, see “—Results of Operations.”

Other Return Metrics

Cash-on-cash return is a supplemental measure of operating performance that is neither required by nor presented in accordance with GAAP and our calculations thereof may not be comparable to those presented by other companies. We present this measure as we believe it is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry and we use it internally as a benchmark to compare our performance to that of our competitors. We define cash-on-cash returns for a given store for a given period as the EBITDA generated solely by such store for that period divided by the total initial net cash investment for that store.

Factors Affecting the Comparability of our Results of Operations

Our results over the past three years have been affected by the following events, which must be understood in order to assess the comparability of our period-to-period financial performance and condition.

Store Openings and Closings

In the first quarter 2018, we opened three stores and in the first quarter 2019 we opened eight stores. We opened 29 new stores in each of fiscal years 2016 and 2017 and opened 26 new stores in fiscal year 2018. All of the stores we opened in the first quarters 2018 and 2019 and in the fiscal years 2016, 2017 and 2018 are operated by IOs. In the first quarter 2018, we closed no stores and in first quarter 2019 we closed one store. We closed one store in each of fiscal years 2016 and 2017 and closed three stores in fiscal year 2018. Those store closures included two Company-operated stores closed at the end of their lease terms, one Company-operated store closed due to landlord site redevelopment, one IO store destroyed by wildfire and one IO store closed at the end of its lease term. In fiscal 2019, we expect to open 32 new stores and close three stores.

Financing Transactions and Payments to Stockholders

On October 22, 2018, we entered into our First Lien Credit Agreement, which included a term loan facility, in an amount equal to $725.0 million and a revolving credit facility in an amount equal to $100.0 million and our Second Lien Credit Facility in an amount equal to $150.0 million, refinancing the existing first lien credit facility and the existing second lien credit facility (together the "Existing Credit Facilities"). The proceeds of the Credit Facilities were used to repay the amounts outstanding under the Existing Credit Facilities in an aggregate amount of $724.5 million, pay an aggregate cash dividend of $152.2 million to holders of our common stock, and pay bank fees and related transaction expenses of $10.0 million (the "2018 Recapitalization").

On June 23, 2016, we increased the aggregate principal of our first lien credit agreement by $90.0 million. This increase was used to pay an aggregate cash dividend of $86.5 million to holders of our common stock (the "2016 Recapitalization").

The 2014 H&F Acquisition

As a result of the 2014 H&F Acquisition, we recorded certain fair value adjustments related to acquired assets and liabilities in accordance with Accounting Standards Codification ("ASC") Topic 805, Business Combinations. These fair value adjustments included an increase in the carrying value of inventory, an increase in the depreciable carrying values of property and equipment, an increase in the carrying values of amortizing intangible assets, including trademarks, customer lists and below market leases, and goodwill. These fair value adjustments, except for goodwill, are amortized and expensed in our consolidated statements of operations based on the estimated useful lives of the related assets.

Depreciation and Amortization Expenses

Depreciation and amortization (exclusive of depreciation included in cost of sales) primarily consists of depreciation and amortization for buildings, store leasehold improvements and equipment. Property and equipment are stated at original cost less accumulated depreciation and amortization. Depreciation and amortization are calculated over the estimated useful lives of the related assets, or in the case of leasehold improvements, the lesser of the useful lives or the remaining term of the lease. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed on the straight-line method for financial reporting purposes.

In addition to depreciation and amortization incurred in the normal course of business, we also expense depreciation and amortization resulting from the various purchase accounting adjustments described above in "—The 2014 H&F Acquisition" as well as our subsequent financing transactions which totaled $3.9 million in the first quarter 2019 and $4.2 million in the first quarter of 2018. For the first quarter 2019, this amount included approximately $1.4 million of fixed asset depreciation related to the fair market value of assets, $0.7 million of amortization of debt issuance costs, $1.0 million of amortization of trademarks and $0.8 million of amortization of below market leases. For the first quarter 2018, this amount included approximately $1.4 million of fixed asset depreciation related to the fair market value of assets, $1.1 million of amortization of debt issuance costs, $1.0 million of amortization of trademarks and $0.7 million of amortization of below market leases.

Stock-based Compensation Expenses

We recognize stock-based compensation expense related to restricted stock units ("RSUs") held by directors. We have not recognized stock-based compensation expense related to time-based or performance-based options as a change in control event or initial public offering is not deemed probable until such event occurs, and, until such an event occurs our time-based and performance-based options are subject to a post-termination repurchase right by us, and as a result, other than in limited circumstances, stock issued upon the exercise of the option could be repurchased at our discretion. This repurchase feature results in no compensation expense being recognized in connection with options granted by us until such time as the exercise of the options could occur without our repurchase of the shares (that is, on or after a liquidity event, such as a change in control or an initial public offering of shares of our common stock). Upon the consummation of this offering, the repurchase feature will lapse, and we will accordingly begin to recognize compensation expense with respect to outstanding option awards. We also recognize stock-based compensation expense for compensatory payments related to vested options such as the dividend payments related to the 2016 Recapitalization and 2018 Recapitalization.

Impacts of the Initial Public Offering

Impact of Debt Extinguishment

Assuming net proceeds after expenses to us of $249.8 million in connection of the sale of common stock in this offering and the application of such net proceeds to repay term loans under our Credit Facilities as described in "Use of Proceeds," we expect to incur debt extinguishment costs of $3.8 million related to the write-off of deferred financing costs and $1.4 million related to the write-off of unamortized debt discounts.

Stock-based Compensation Expenses

Upon the completion of an initial public offering, we will recognize stock-based compensation expense of $22.5 million in connection with our vested time-based options. Remaining compensation expense of $3.2 million for unvested time-based options at the time of the initial public offering will be expensed upon vesting. As of the time of this offering, we have determined that the vesting criteria of the performance-based options is not probable and, accordingly, have not recognized any expense related to those awards. Unamortized compensation expense of $25.9 million in respect of the performance-based options as of March 30, 2019 will be amortized over the remaining requisite service period if and when we determine that vesting is probable. The performance condition is measured when the H&F Investor has achieved specified internal rates of return with respect to its investment in the Company. Future equity awards will be issued under our 2019 Incentive Plan. See Note 6 to our unaudited condensed consolidated financial statements appearing elsewhere in this prospectus.

Incremental Public Company Expenses

Following our initial public offering, we will incur significant expenses on an ongoing basis that we did not incur as a private company. Those costs include additional director and officer liability insurance expenses, as well as third-party and internal resources related to accounting, auditing, Sarbanes-Oxley Act compliance, legal and investor and public relations expenses. These costs will generally be expensed under SG&A.

Results of Operations

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

We derived the consolidated statements of income for the fiscal years 2016, 2017 and 2018 and the first quarters 2018 and 2019 from our consolidated financial statements and related notes. Our historical results are not necessarily indicative of the results that may be expected in the future.

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	First Quarter 2018	First Quarter 2019
			(dollars in thousands)		
Net sales	$1,831,531	$2,075,465	$2,287,660	$ 550,558	$ 606,271
Cost of sales	1,270,354	1,443,582	1,592,263	381,989	419,254
Gross profit	561,177	631,883	695,397	168,569	187,017
Operating expenses:					
Selling, general and administrative expenses	457,051	510,136	557,100	136,736	152,854
Depreciation and amortization expenses	37,152	43,152	45,421	11,178	12,296
Stock-based compensation	2,905	1,659	10,409	134	211
Total operating expenses	497,108	554,947	612,930	148,048	165,361
Income from operations	64,069	76,936	82,467	20,521	21,656
Other expense:					
Interest expense, net	47,147	49,698	55,362	12,912	16,438
Debt extinguishment and modification costs	—	1,466	5,253	—	—
Total other expense	47,147	51,164	60,615	12,912	16,438
Income before income taxes	16,922	25,772	21,852	7,609	5,218
Income tax expense	6,724	5,171	5,984	2,084	1,444
Net income	$ 10,198	$ 20,601	$ 15,868	$ 5,525	$ 3,774
Percentage of sales (1):					
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	69.4%	69.6%	69.6%	69.4%	69.2%
Gross margin	30.6%	30.4%	30.4%	30.6%	30.8%
Selling, general and administrative expenses	25.0%	24.6%	24.4%	24.8%	25.2%
Depreciation and amortization expenses	2.0%	2.1%	2.0%	2.0%	2.0%
Stock-based compensation	0.2%	0.1%	0.5%	0.0%	0.0%
Total operating expenses	27.1%	26.7%	26.8%	26.9%	27.3%
Income from operations	3.5%	3.7%	3.6%	3.7%	3.6%
Interest expense, net	2.6%	2.4%	2.4%	2.3%	2.7%
Debt extinguishment and modification costs	0.0%	0.1%	0.2%	0.0%	0.0%
Total other expense	2.6%	2.5%	2.6%	2.3%	2.7%
Income before income taxes	0.9%	1.2%	1.0%	1.4%	0.9%
Income tax expense	0.4%	0.2%	0.3%	0.4%	0.2%
Net income	0.6%	1.0%	0.7%	1.0%	0.6%
Other Financial and Operations Data:					
Number of new stores	29	29	26	3	8
Number of stores open at end of period	265	293	316	296	323
Comparable store sales growth (2)	3.6%	5.3%	3.9%	4.5%	4.2%
EBITDA (3)	$ 101,221	$ 118,622	$ 124,271	$ 32,056	$ 34,505
Adjusted EBITDA (3)	$ 123,415	$ 136,319	$ 153,578	$ 36,112	$ 39,123
Adjusted net income (3)	$ 33,765	$ 48,655	$ 49,308	$ 11,552	$ 9,947

(1) Components may not add to totals due to rounding.

(2) Comparable store sales consist of sales from our stores beginning on the first day of the fourteenth full fiscal month following the store's opening, which is when we believe comparability is achieved. See "—Comparable Store Sales."

(3) The following table provides a reconciliation from our net income to EBITDA and adjusted EBITDA and our net income to adjusted net income for the fiscal years 2016, 2017 and 2018 and the first quarters 2018 and 2019.

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	First Quarter 2018	First Quarter 2019
			(in thousands)		
Net income	$ 10,198	$ 20,601	$ 15,868	$ 5,525	$ 3,774
Interest expense, net	47,147	49,698	55,362	12,912	16,438
Income tax expense	6,724	5,171	5,984	2,084	1,444
Depreciation and amortization expenses	37,152	43,152	47,057	11,535	12,849
EBITDA	101,221	118,622	124,271	32,056	34,505
Stock-based compensation expenses (a)	2,905	1,659	10,409	134	211
Debt extinguishment and modification costs (b)	—	1,466	5,253	—	—
Non-cash rent (c)	8,451	8,401	7,903	1,840	1,862
Asset impairment and gain or loss on disposition (d)	519	549	1,306	(52)	182
New store pre-opening expenses (e)	2,580	1,807	1,555	270	421
Rent for acquired leases (f)	2,388	72	—	—	—
Provision for accounts receivable reserves (g)	4,018	3,004	749	1,538	1,483
Other (h)	1,333	739	2,132	326	459
Adjusted EBITDA	$123,415	$136,319	$153,578	$ 36,112	$ 39,123

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	First Quarter 2018	First Quarter 2019
			(in thousands)		
Net income	$ 10,198	$ 20,601	$ 15,868	$ 5,525	$ 3,774
Stock-based compensation expenses (a)	2,905	1,659	10,409	134	211
Debt extinguishment and modification costs (b)	—	1,466	5,253	—	—
Non-cash rent (c)	8,451	8,401	7,903	1,840	1,862
Asset impairment and gain or loss on disposition (d)	519	549	1,306	(52)	182
New store pre-opening expenses (e)	2,580	1,807	1,555	270	421
Rent for acquired leases (f)	2,388	72	—	—	—
Provision for accounts receivable reserve (g)	4,018	3,004	749	1,538	1,483
Other (h)	1,333	739	2,132	327	459
Amortization of purchase accounting assets and deferred financing costs (i)	16,914	17,399	16,744	4,243	3,916
Tax effect of total adjustments (j)	(15,541)	(7,042)	(12,611)	(2,273)	(2,361)
Adjusted net income	$ 33,765	$ 48,655	$ 49,308	$ 11,552	$ 9,947

(a) Represents non-cash stock compensation expense of $0.3 million in 2016, $0.4 million in each of 2017 and 2018 and $0.1 million in each of first quarter 2018 and 2019, with the remainder representing dividend cash payments made in respect of vested options as a result of dividends declared in connection with our 2016 Recapitalization and our 2018 Recapitalization. We expect to pay an additional $4.3 million in the aggregate on options as they vest in respect of such dividends, of which $3.5 million is expected to be paid in the remainder of fiscal 2019.

(b) Represents debt extinguishment and modification costs related to the write-off of debt issuance costs and non-capitalizable expenses related to the repricing of first and second lien credit facilities in June

2017 and the modification of our first and second lien credit facilities in connection with our 2018 Recapitalization.

(c) Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments. The adjustment can vary depending on the average age of our lease portfolio, which has been impacted by our significant growth in recent years.

(d) Represents impairment charges with respect to planned store closures and gains or losses on dispositions of assets in connection with store transitions to new IOs.

(e) Includes marketing, occupancy and other expenses incurred in connection with store grand openings, including costs that will be the IO's responsibility after store opening.

(f) Represents cash occupancy expenses on leases acquired from Fresh & Easy Inc. in 2015 for the periods prior to opening new stores on such sites (commonly referred to as "dead rent").

(g) Represents non-cash changes in reserves related to our IO notes and accounts receivable.

(h) Other non-recurring, non-cash or discrete items as determined by management, including personnel-related costs, strategic project costs, legal expenses, transaction related costs and miscellaneous costs.

(i) Represents amortization of debt issuance costs and incremental amortization of an asset step-up resulting from purchase price accounting related to the 2014 H&F Acquisition which included trademarks, customer lists and below-market leases.

(j) Represents the tax effect of the total adjustments at our estimated effective tax rate.

First Quarter 2019 Compared to First Quarter 2018

Sales

Sales increased to $606.3 million for the first quarter 2019 from $550.6 million for the first quarter 2018, an increase of $55.7 million or 10.1%. The increase was the result of a comparable store sales increase of 4.2% and non-comparable store sales growth attributable to the net 27 stores opened over the last 12 months.

Comparable store sales increased 4.2% for the first quarter 2019 relative to the first quarter 2018. Comparable store sales in the first quarter 2019 were driven by increases in both the average transaction size, which benefited from a strong opportunistic purchasing inventory composition, and number of customer transactions, driven by the expansion of our digital marketing initiatives and continued growth of our NOSH business.

Cost of Sales

Cost of sales increased $37.3 million for the first quarter 2019 to $419.3 million, or 69.2% of sales, from $382.0 million, or 69.4% of sales, for the first quarter 2018. The increase in cost of sales was primarily the result of new store growth and an increase in comparable store sales. Costs as a percentage of sales remained relatively flat.

Gross Profit and Gross Margin

Gross profit increased to $187.0 million for the first quarter 2019 from $168.6 million for the first quarter 2018, an increase of $18.4 million, or 10.9%. The increase in gross profit was primarily the result of new store growth and an increase in comparable store sales. Our gross margin remained relatively flat at 30.8% for the first quarter 2019 and 30.6% for the first quarter 2018.

Selling, General and Administrative Expenses

SG&A increased to $152.9 million for the first quarter 2019 from $136.7 million for the first quarter 2018, an increase of $16.1 million, or 11.8%. The increase in SG&A was primarily driven by increased selling expenses related to new store growth and higher sales volume. These increased expenses consisted primarily of commissions, store occupancy and shared maintenance costs, as well as investments in general and administrative infrastructure to

support continued growth in the business. The first quarter 2019 SG&A also includes expense of $0.9 million relating to an offsite, multi-day conference attended by IOs, partners, and corporate and field representatives, which expense was not incurred in 2018. As a percentage of sales, SG&A increased to 25.2% for the first quarter 2019 compared to 24.8% for the first quarter 2018.

Depreciation and Amortization Expense

Depreciation and amortization expenses (exclusive of depreciation included in cost of sales) increased to $12.3 million for the first quarter 2019 from $11.2 million for the first quarter 2018, an increase of $1.1 million, or 10.0%. The increase is primarily a result of new store growth and other capital investments.

Stock-based Compensation

Stock-based compensation increased to $0.2 million for the first quarter 2019 from $0.1 million for the first quarter 2018, an increase of $0.1 million. The increase is a result of dividend cash payments made in respect of vested options as a result of dividends declared in connection with our 2018 Recapitalization and 2016 Recapitalization. We expect to pay an additional $4.3 million in the aggregate on options as they vest in respect of such dividends, $3.5 million of which is expected to be paid in the remainder of fiscal year 2019.

Interest Expense, net

Interest expense, net, increased to $16.4 million for the first quarter 2019 from $12.9 million for the first quarter 2018, an increase of $3.5 million or 27.3%. The increase in the first quarter 2019 was driven by an increase of $150.0 million in our total debt related to the 2018 Recapitalization.

Income Tax Expense

Income tax expense decreased to $1.4 million for the first quarter 2019 from $2.1 million for the first quarter 2018, a decrease of $0.6 million, or 30.7%. This decrease in income tax expense was the result of a decrease in income before taxes of $2.4 million.

Net Income

As a result of the foregoing, net income decreased to $3.8 million for the first quarter 2019 from $5.5 million for the first quarter 2018, a decrease of $1.8 million, or 31.7%.

Adjusted EBITDA

Adjusted EBITDA increased to $39.1 million for the first quarter 2019 from $36.1 million for the first quarter 2018, an increase of $3.0 million, or 8.3%. The increase in adjusted EBITDA for the first quarter 2019 is due primarily to our increase in sales, which was driven by a 4.2% increase in comparable store sales and an increase in quarter-end store count compared to first quarter 2018 of 27 stores.

Adjusted Net Income

Adjusted net income decreased to $9.9 million for the first quarter 2019 from $11.6 million for the first quarter 2018, a decrease of $1.6 million, or 13.9%. The decrease in adjusted net income for first quarter 2019 is due primarily to our decrease in net income, which was driven primarily by an increase in interest expense.

Fiscal Year 2018 Compared to Fiscal Year 2017

Sales

Sales increased to $2.3 billion for 2018 from $2.1 billion for 2017, an increase of $212.2 million or 10.2%. The increase was the result of comparable store sales increase of 3.9% and non-comparable store sales at stores that have not been open for a full 13 fiscal months.

Comparable store sales increased 3.9% for 2018. Comparable store sales in 2018 were driven by increases in both the average transaction size and number of customer transactions. Comparable store sales growth was driven by strong opportunistic purchasing, the expansion of our digital marketing initiatives and the continued growth of our NOSH business.

Cost of Sales

Cost of sales increased $148.7 million in 2018 to $1.6 billion, or 69.6% of sales, from $1.4 billion, or 69.6% of sales, for 2017. The increase in cost of sales was primarily the result of new store growth and an increase in comparable store sales. Costs as a percentage of sales remained flat.

Gross Profit and Gross Margin

Gross profit increased to $695.4 million for 2018 from $631.9 million for 2017, an increase of $63.5 million, or 10.0%. The increase in gross profit was primarily the result of new store growth and an increase in comparable store sales. Our gross margin remained flat at 30.4% for 2018 and 2017, respectively.

Selling, General and Administrative Expenses

SG&A increased to $557.1 million for 2018 from $510.1 million for 2017, an increase of $47.0 million, or 9.2%. The increase in SG&A was primarily driven by increased selling expenses related to new store growth and higher sales volume. These increased expenses consisted primarily of commissions, store occupancy and shared maintenance costs, as well as investments in general and administration infrastructure to support continued growth in the business. As a percentage of sales, SG&A improved to 24.4% for 2018 compared to 24.6% for 2017. This improvement was driven partially by a decrease in the provision for IO notes and receivables. The provision decreased in 2018 compared to 2017 due to a combination of improved store performance and operational efficiencies which have helped mitigate rising costs for IOs, improving the collectability of IO notes and receivables. As a percentage of total IO notes and receivables, our 2018 reserve was 32.7%. However, IOs manage their own finances and their financial acumen and expense management practices vary significantly. As we do not control the management decisions in the stores, and as IOs implement a variety of practices with variability in their individual and collective outcomes, we experience variability in the provision and allowance over time as we assess the ability of each IO to repay the notes.

Depreciation and Amortization Expense

Depreciation and amortization expenses (exclusive of depreciation included in cost of sales) increased to $45.4 million for 2018 from $43.2 million for 2017, an increase of $2.3 million, or 5.3%. The increase is primarily a result of new store growth and other capital investments.

Stock-based Compensation

Stock-based compensation increased to $10.4 million for 2018 from $1.7 million for 2017, an increase of $8.7 million. The increase is a result of dividend cash payments made in respect of vested options as a result of dividends declared in connection with our 2018 Recapitalization and 2016 Recapitalization.

Interest Expense, net

Interest expense, net, increased to $55.4 million for 2018 from $49.7 million for 2017, an increase of $5.7 million or 11.4%. The increase in 2018 was driven by rising interest rates and an increase of $150.0 million in our total debt related to the 2018 Recapitalization.

Debt Extinguishment and Modification Costs

Debt extinguishment and modification costs increased to $5.3 million for 2018 from $1.5 million for 2017, an increase of $3.8 million or 258.3%. The increase in 2018 was driven by the write-off of debt issuance costs and non-capitalizable modification costs related to the 2018 Recapitalization.

Income Tax Expense

Income tax expense increased to $6.0 million for 2018 from $5.2 million for 2017, an increase of $0.8 million, or 15.7%. This increase in income tax expense was the result of an increase in our effective tax rate, which was due to a $5.4 million provisional tax benefit recorded in the 2017 fiscal year pursuant to the provisions of Tax Cuts and Jobs Act (the "2017 Tax Act"). As a result, our effective tax rate increased to 27.4% for 2018 from 20.1% for 2017. The effective tax rate increase was partially offset by a $3.9 million decrease in income before taxes. The 2017 Tax Act was enacted on December 22, 2017 and among other things, decreased the existing maximum federal corporate income tax rate from 35% to 21%. The provisional tax benefit of $5.4 million recorded in the previous fiscal year was primarily due to the net impact of the revaluation of net deferred tax liability balances at fiscal year-end.

Net Income

As a result of the foregoing, net income decreased to $15.9 million for 2018 from $20.6 million for 2017, a decrease of $4.7 million, or 23.0%.

Adjusted EBITDA

Adjusted EBITDA increased to $153.6 million for 2018 from $136.3 million for 2017, an increase of $17.3 million, or 12.7%. The increase in adjusted EBITDA for 2018 is due primarily to our increase in sales, which was driven by a 3.9% increase in comparable store sales and an increase in year-end store count compared to 2017 of 23 stores.

Adjusted Net Income

Adjusted net income increased to $49.3 million for 2018 from $48.7 million for 2017, an increase of $0.6 million, or 1.3%. The increase in adjusted net income for 2018 is due primarily to our increase in sales, which was driven by a 3.9% increase in comparable store sales and an increase in year-end store count compared to 2017 of 23 stores.

Fiscal Year 2017 Compared to Fiscal Year 2016

Sales

Sales increased to $2.1 billion for 2017 from $1.8 billion for 2016, an increase of $243.9 million, or 13.3%. The increase was the result of comparable store sales increase of 5.3% and non-comparable store sales at stores that have not been open for a full 13 fiscal months.

Comparable store sales increased 5.3% for 2017. Comparable store sales in 2017 were driven by increases in both the average transaction size, in part due to food-at-home inflation, as well as the number of customer transactions. Comparable store sales growth was driven by continued customer excitement in response to our "WOW!" deals and the ongoing growth of fresh and healthy products.

Cost of Sales

Cost of sales increased $173.2 million in 2017 to $1.4 billion, or 69.6% of sales, from $1.3 billion, or 69.4% of sales, for 2016. The increase as a percentage of sales of 0.2% was primarily attributable to higher product costs which included the impact of inflation.

Gross Profit and Gross Margin

Gross profit increased to $631.9 million for 2017 from $561.2 million for 2016, an increase of $70.7 million, or 12.6%. The increase in gross profit was primarily the result of new store growth and increases in comparable store sales. Our gross margin decreased to 30.4% from 30.6% for 2017 and 2016, respectively. The modest gross margin decline in 2017 is due to slightly decreasing merchandise margins which were impacted by inflation.

Selling, General and Administrative Expenses

SG&A increased to $510.1 million for 2017 from $457.1 million for 2016, an increase of $53.1 million, or 11.6%. As a percentage of sales, SG&A improved to 24.6% for 2017 compared to 25.0% for 2016. These increased expenses consisted primarily of commissions, store occupancy and shared maintenance costs, as well as investments in general and administration infrastructure to support continued growth in the business.

Depreciation and Amortization Expense

Depreciation and amortization expenses increased to $43.2 million for 2017 from $37.2 million for 2016, an increase of $6.0 million, or 16.1%. The increase is primarily a result of new store growth.

Stock-based Compensation

Stock-based compensation decreased to $1.7 million for 2017 from $2.9 million for 2016, a decrease of $1.2 million. The decrease is a result of dividend cash payments made in respect of vested options as a result of dividends declared in connection with our 2016 Recapitalization.

Interest Expense, net

Interest expense, net, increased to $49.7 million for 2017 from $47.1 million for 2016, an increase of $2.6 million or 5.4%. The increase is primarily the result of rising interest rates and the full year impact of the $90.0 million increase to our first lien term loan related to our 2016 Recapitalization.

Debt Extinguishment and Modification Costs

Loss on extinguishment of debt increased to $1.5 million for 2017 from zero for 2016. The 2017 expenses were a write-off of debt issuance costs related to the repricing of our first and second lien credit facilities in June 2017.

Income Tax Expense

Income tax expense decreased to $5.2 million for 2017 from $6.7 million for 2016, a decrease of $1.6 million, or 23.1%. The decrease in income tax expense was primarily the result of the 2017 Tax Act, partially offset by the $8.9 million increase in pre-tax net income. Pursuant to the provisions of the 2017 Tax Act, we recorded a provisional tax benefit of $5.4 million primarily due to the net impact of the revaluation of net deferred tax liability balances at fiscal year-end. As a result, our effective tax rate decreased to 20.1% for 2017 from 39.7% for 2016.

Net Income

As a result of the foregoing, net income increased to $20.6 million for 2017 from $10.2 million for 2016, an increase of $10.4 million, or 102.0%.

Adjusted EBITDA

Adjusted EBITDA increased to $136.3 million for 2017 from $123.4 million for 2016, an increase of $12.9 million, or 10.5%. The increase in adjusted EBITDA for 2017 is due primarily to our increase in sales, which was driven by a 5.3% increase in comparable store sales and an increase in store count over 2016 of 28 stores.

Adjusted Net Income

Adjusted net income increased to $48.7 million for 2017 from $33.8 million for 2016, an increase of $14.9 million, or 44.1%. The increase in adjusted net income for 2017 is due to our increase in sales, which was driven by a 5.3% increase in comparable store sales and an increase in store count over 2016 of 28 stores, as well as a reduction in our effective tax rate.

Quarterly Results of Operations

The following table sets forth certain financial and operating information for each of our last nine fiscal quarters. The quarterly information has been prepared on the same basis as the consolidated financial statements and includes all adjustments (consisting of normal recurring adjustments) that, in the opinion of management, are necessary for a fair presentation of the information presented. This information should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this prospectus. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full fiscal year.

	First Quarter 2017	Second Quarter 2017	Third Quarter 2017	Fourth Quarter 2017	First Quarter 2018	Second Quarter 2018	Third Quarter 2018	Fourth Quarter 2018	First Quarter 2019
	(unaudited) (dollars in thousands)								
Selected Statements of Operations Data:									
Net sales	$488,822	$527,250	$525,406	$533,987	$550,558	$575,058	$576,843	$585,201	$606,271
Gross profit	150,985	161,479	158,905	160,514	168,569	175,115	175,548	176,165	187,017
Income from operations	17,297	22,297	20,531	16,811	20,521	24,007	24,088	13,851	21,656
Net income (loss) (1)	2,837	4,924	4,842	7,999	5,525	7,286	7,669	(4,612)	3,774
Selected Other Financial and Operations Data:									
Number of new stores	8	7	3	11	3	4	8	11	8
Number of stores open at end of period	273	280	282	293	296	300	307	316	323
Comparable store sales growth	4.9%	5.9%	5.3%	5.1%	4.5%	2.7%	4.2%	4.1%	4.2%
Gross margin	30.9%	30.6%	30.2%	30.1%	30.6%	30.5%	30.4%	30.1%	30.8%
EBITDA (2)	$ 27,487	$ 31,684	$ 31,758	$ 27,692	$ 32,056	$ 35,670	$ 35,990	$ 20,555	$ 34,505
Adjusted EBITDA (2)	$ 31,223	$ 36,660	$ 34,600	$ 33,842	$ 36,112	$ 39,122	$ 39,026	$ 39,318	$ 39,123

(1) The increase to net income in fourth quarter 2017 is primarily the result of the 2017 Tax Act. The reduction in income from operations in fourth quarter 2018 is primarily related to stock-based compensation associated with the 2018 Recapitalization. The reduction in net income in fourth quarter 2018 is primarily related to stock-based compensation and debt extinguishment and modification costs associated with the 2018 Recapitalization.

(2) The following table provides a reconciliation from our net income to EBITDA and adjusted EBITDA for each of our last nine fiscal quarters.

	First Quarter 2017	Second Quarter 2017	Third Quarter 2017	Fourth Quarter 2017	First Quarter 2018	Second Quarter 2018	Third Quarter 2018	Fourth Quarter 2018	First Quarter 2019
	(unaudited) (in thousands)								
Net income (loss) (1)	$ 2,837	$ 4,924	$ 4,842	$ 7,999	$ 5,525	$ 7,286	$ 7,669	$ (4,612)	$ 3,774
Interest expense, net	12,473	12,495	12,261	12,469	12,912	13,974	13,526	14,950	16,438
Income tax expense (benefit) (1)	1,987	3,449	3,391	(3,656)	2,084	2,748	2,892	(1,739)	1,444
Depreciation and amortization	10,190	10,816	11,264	10,880	11,535	11,662	11,903	11,956	12,849
EBITDA	27,487	31,684	31,758	27,692	32,056	35,670	35,990	20,555	34,505
Stock-based compensation expenses (a)	103	120	127	1,308	134	129	121	10,025	211
Debt extinguishment and modification cost (b)	—	1,429	37	—	—	—	—	5,253	—
Non-cash rent (c)	2,440	1,995	2,008	1,958	1,840	1,683	2,201	2,179	1,862
Asset impairment and gain or loss on disposition (d)	(2)	67	(177)	661	(52)	24	51	1,282	182
New store pre-opening expenses (e)	420	467	348	572	270	431	337	517	421
Rent for acquired leases (f)	72	—	—	—	—	—	—	—	—
Provision for accounts receivable reserves (g)	649	792	348	1,215	1,538	810	(106)	(1,493)	1,483
Other (h)	54	106	151	436	326	375	432	1,000	459
Adjusted EBITDA	$31,223	$36,660	$34,600	$33,842	$36,112	$39,122	$39,026	$39,318	$39,123

(1) The increase to net income and the tax benefit recognized in fourth quarter 2017 is primarily the result of the 2017 Tax Act. The net loss recognized in fourth quarter 2018 and resulting tax benefit is related to stock-based compensation and debt extinguishment and modification costs associated with the 2018 Recapitalization.

(a) Represents non-cash stock compensation expense of approximately $0.1 million per quarter with the remainder representing dividend cash payments made in respect of vested options as a result of dividends declared in connection with our 2016 Recapitalization (as defined below) and our 2018 Recapitalization (as defined below). We expect to pay an additional $4.3 million in the aggregate on options as they vest in respect of such dividends, of which $3.5 million is expected to be paid in the remainder of fiscal year 2019.

(b) Represents debt extinguishment and modification costs related to the write-off of debt issuance costs and non-capitalizable expenses related to the repricing of first and second lien credit facilities in June 2017 and the modification of our first and second lien credit facilities in connection with our 2018 Recapitalization.

(c) Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments. The adjustment can vary depending on the average age of our lease portfolio, which has been impacted by our significant growth in recent years.

(d) Represents impairment charges with respect to planned store closures and gains or losses on dispositions of assets in connection with store transitions to new IOs.

(e) Includes marketing, occupancy and other expenses incurred in connection with store grand openings, including costs that will be the IO's responsibility after store opening.

(f) Represents cash occupancy expenses on leases acquired from Fresh & Easy Inc. in 2015 for the periods prior to opening new stores on such sites (commonly referred to as "dead rent").

(g) Represents non-cash changes in reserves related to our IO notes and accounts receivable.

(h) Other non-recurring, non-cash or discrete items as determined by management, including personnel related costs, strategic project costs, legal expenses, transaction related costs and miscellaneous costs.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are net cash provided by operating activities and borrowings and availability under our Credit Facilities. Historically, we have funded our capital expenditures and working capital

requirements with internally generated cash on hand. We also have a $100.0 million revolving credit facility available under our First Lien Credit Agreement described below. Our primary cash needs are for capital expenditures, working capital and to meet debt service requirements. As of March 30, 2019, we did not have any outstanding borrowings under the revolving credit facility available under our First Lien Credit Agreement. As of such date we had outstanding letters of credit of $3.4 million under that revolving credit facility with $96.6 million available to be borrowed thereunder, and $19.6 million of cash and cash equivalents on hand.

On October 22, 2018, we used proceeds from the term loan under our First Lien Credit Agreement to pay an aggregate cash dividend of $152.2 million to holders of our common stock in connection with the 2018 Recapitalization. On June 23, 2016 we used proceeds from the existing first lien credit agreement to pay an aggregate cash dividend of $86.5 million to holders of our common stock in connection with the 2016 Recapitalization.

Our capital expenditures are primarily related to new store openings, ongoing store maintenance and improvements, expenditures related to our distribution centers and infrastructure-related investments, including investments related to upgrading and maintaining our information technology systems and corporate offices. We spent $19.1 million in the first quarter 2019 and $62.9 million, $74.1 million and $67.9 million for capital expenditures in 2016, 2017 and 2018, respectively. We expect to fund capital expenditures from net cash provided by operating activities.

Our primary working capital requirements are for the purchase of inventory, payroll, rent, issuance of IO notes, other store facilities costs, distribution costs and general and administrative costs. Our working capital requirements fluctuate during the year, driven primarily by the timing of opportunistic inventory purchases and new store openings.

The percentage of allowance on independent operator receivables and notes on the current and long-term portions are 18% and 37%, respectively. The current portion of IO notes and receivables is reserved for at a lower rate as the current portion is primarily comprised of operational payables which IOs typically prioritize over making loan payments based upon historical experience. The allowance is also based on an evaluation of overall credit quality, the estimated value of the underlying collateral and historical collections experience of stores with similar economic performance.

Based on our new store growth plans, we believe our cash and cash equivalents position, net cash provided by operating activities and availability under our Credit Facilities will be adequate to finance our planned capital expenditures, working capital requirements and debt service over the next 12 months. If cash provided by operating activities and borrowings under our Credit Facilities are not sufficient or available to meet our capital requirements, then we will be required to obtain additional equity or debt financing in the future. There can be no assurance equity or debt financing will be available to us when we need it or, if available, the terms will be satisfactory to us and not dilutive to our then-current stockholders.

Summary of Cash Flows

A summary of our cash flows from operating, investing and financing activities is presented in the following table:

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	First Quarter 2018	First Quarter 2019
			(in thousands)		
Net cash provided by operating activities	$ 70,875	$ 84,703	$105,811	$ 31,545	$ 22,240
Net cash used in investing activities	(65,416)	(77,820)	(73,550)	(15,277)	(19,997)
Net cash used in financing activities	(4,328)	(7,935)	(16,999)	(1,424)	(3,710)
Net increase (decrease) in cash and cash equivalents	$ 1,131	$ (1,052)	$ 15,262	$ 14,844	$ 1,467

Cash Provided by Operating Activities

Net cash provided by operating activities for the first quarter 2019 was $22.2 million, a decrease from $31.5 million for the first quarter 2018. The decrease in net cash provided by operating activities was primarily the result of the lease liability recognized upon adoption of ASU 2016-02. See "—Recently Adopted Accounting Standards" for more information.

Net cash provided by operating activities for 2018 was $105.8 million, an increase from $84.7 million for 2017. The increase in net cash provided by operating activities was primarily the result of increased operating income, as adjusted for the impact of stock-based compensation related to the 2018 Recapitalization.

Net cash provided by operating activities for 2017 was $84.7 million, an increase from $70.9 million for 2016. The increase in net cash provided by operating activities was primarily the result of increased operating income.

Cash Used in Investing Activities

Net cash used in investing activities increased for the first quarter 2019 to $20.0 million from $15.3 million for the first quarter 2018. The increase in net cash used in investing activities relates to capital expenditures for 8 new store openings in the first quarter 2019 compared to 3 new store openings in the first quarter 2018. We plan to invest capital of between $85.0 million and $90.0 million, net of tenant improvement allowances, in fiscal year 2019. We expect approximately 65% of our 2019 capital investment will be directed towards the opening of 32 new stores in the aggregate and one store relocation.

Net cash used in investing activities decreased for 2018 to $73.6 million from $77.8 million for 2017. The decrease in net cash used in investing activities relates to capital expenditures for 26 new store openings in 2018 compared to 29 new store openings in 2017, partially offset by a net increase in cash advances to IOs.

Net cash used in investing activities increased for 2017 to $77.8 million from $65.4 million for 2016, primarily relating to capital expenditures for new stores and a net increase in advances to IOs. We opened 29 stores in both years. Additional 2017 capital expenditures included investments in additional corporate office space, a new warehouse management system and upgraded point of sale technology.

Cash Used in Financing Activities

Net cash used in financing activities increased for the first quarter 2019 to $3.7 million from $1.4 million for the first quarter 2018. The increase in net cash used in first quarter 2019 is primarily the result of deferred offering costs paid.

Net cash used in financing activities increased for 2018 to $17.0 million from $7.9 million for 2017. The increase in net cash used in 2018 is primarily the result of the net cash used to pay bank fees and transaction expenses related to the refinancing of our Existing Credit Facilities in connection with the 2018 Recapitalization.

Net cash used in financing activities increased for 2017 to $7.9 million from $4.3 million for 2016. The increase in net cash used in 2017 is primarily the result of cash provided in connection with the 2016 Recapitalization in order to fund future cash payments to be made in respect of options as they vest as a result of dividends declared in connection with our 2016 Recapitalization and our 2018 Recapitalization.

Credit Facilities

First Lien Credit Agreement

One of our subsidiaries, GOBP Holdings, Inc. (the "Borrower"), is party to a first lien credit agreement (the "First Lien Credit Agreement") providing for a $725.0 million senior term loan and commitments under a

revolving credit facility in an aggregate principal amount of $100.0 million, with a sub-commitment for issuance of letters of credit of $35.0 million and a sub-commitment for $20.0 million of swingline loans. The First Lien Credit Agreement matures on October 22, 2025, with respect to the term loan thereunder, and October 23, 2023, with respect to the revolving credit facility thereunder.

Borrowings under the First Lien Credit Agreement bear interest at a rate per annum equal to either (a) the Eurodollar rate, with a floor of 0.00%, as adjusted for the reserve percentage required under regulations issued by the Federal Reserve Board for determining maximum reserve requirements with respect to Eurocurrency funding, plus an applicable margin rate of 3.75% for the term loan and between 3.25% and 3.75% for revolving credit loans, depending on the applicable first lien secured leverage ratio or (b) an ABR rate, with a floor of 0.00%, plus an applicable margin rate of 2.75% for the term loan or between 2.25% and 2.75% for revolving credit loans, depending on the applicable first lien secured leverage ratio. The ABR rate is determined as the greater of (a) the prime rate, (b) the federal funds effective rate, plus 0.50% or (c) the Eurodollar rate plus 1.00%.

The First Lien Credit Agreement provides that the Borrower may request increased commitments and additional term loans or additional term or revolving facilities under the First Lien Credit Agreement, in each case, subject to certain conditions and in an aggregate principal amount not to exceed the sum of (a) the greater of (i) $160.0 million and (ii) 100% of Consolidated EBITDA (as defined in the First Lien Credit Agreement) for the most recently completed four fiscal quarter period for which internal financial statements are available and ended on or prior to the date of any such incurrence, plus (b) an additional amount, subject to compliance on a pro forma basis with (i) a consolidated first lien debt to Consolidated EBITDA ratio of no greater than 4.50 to 1.00 for incremental first lien debt or (ii) if incurred in connection with a permitted acquisition or other investment, the applicable ratio immediately prior to such acquisition or other investment plus certain other amounts as specified in the First Lien Credit Agreement. The First Lien Credit Agreement also provides for the incurrence of junior secured and unsecured debt, subject to certain conditions specified in the First Lien Credit Agreement.

The term loan under the First Lien Credit Agreement amortizes at a rate of 1.00% per annum, paid in quarterly installments equal to the product of (a) 0.25% times (b) the aggregate principal amount of the initial term loan outstanding immediately after the borrowing of the initial term loan on the closing date (with respect to each initial term loan repayment date prior to the initial term loan maturity date, as such product may be reduced by, and after giving pro forma effect to, any voluntary and mandatory prepayments as described in the First Lien Credit Agreement).

The First Lien Credit Agreement requires the Borrower to prepay, subject to certain exceptions, outstanding term loan thereunder with:

- 50% (which percentage will be reduced to 25% and 0% based upon the achievement and maintenance of first lien secured leverage ratios equal to or less than 4.00 to 1.00 and 3.75 to 1.00, respectively) of our annual excess cash flow;

- 100% (which percentage will be reduced to 50% and 0% based upon the achievement and maintenance of first lien secured leverage ratios equal to or less than 4.00 to 1.00 and 3.75 to 1.00, respectively) of net cash proceeds of non-ordinary course asset sales or other dispositions of property, in excess of the amount permitted under the First Lien Credit Agreement; and

- 100% of net cash proceeds of certain issuances of debt obligations of the Borrower and its restricted subsidiaries after the closing date, except as permitted under the First Lien Credit Agreement.

There is no scheduled amortization under the revolving credit facility. The Borrower may voluntarily reduce the unutilized portion of the commitment amount and repay outstanding loans under the First Lien Credit

Agreement at any time without premium or penalty. In the event of a repricing transaction closing prior to the six-month anniversary of the closing date, the Borrower shall pay a fee in an amount equal to 1.0% of either (x) the aggregate principal amount of the initial term loan prepaid in connection with a repricing transaction that includes the incurrence of any term loan or (y) the aggregate principal amount of all initial term loans outstanding on such date that are subject to an effective pricing reduction pursuant to a repricing transaction that effectively reduces the effective yield for the initial term loan (except for a reduction in connection with an initial public offering, change of control or other material permitted acquisition).

All obligations under the Credit Facilities are unconditionally guaranteed by Globe Intermediate Corp. ("Holdings"), the Borrower and certain of the Borrower's existing and future direct and indirect wholly-owned domestic subsidiaries, subject to certain exceptions. All obligations under the First Lien Credit Facility, and the guarantees of those obligations, are secured on a first lien basis, subject to certain exceptions, by substantially all of Holdings' and the Borrower's assets and the assets of the other guarantors.

The First Lien Credit Agreement contains covenants that, among other things, limit our ability to incur additional debt; create liens against our assets; make acquisitions; pay dividends on our capital stock or redeem, repurchase or retire our capital stock; make investments, acquisitions, loans and advances; create negative pledges; and merge or consolidate with another entity and transfer or sell assets.

In addition, the revolving credit facility is subject to a first lien secured leverage ratio test of 7.00 to 1.00, tested quarterly if, and only if, on the last day of any fiscal quarter, the revolving facility, letters of credit (to the extent not cash collateralized or backstopped or, in the aggregate, not in excess of the greater of (x) $10.0 million and (y) the stated face amount of letters of credit of the Borrower and its subsidiaries outstanding on the closing date) and swingline loans are outstanding and/or issued, as applicable, in an aggregate principal amount exceed 35% of the total amount of the revolving credit facility commitments thereunder.

The First Lien Credit Agreement also contains certain customary representations and warranties, affirmative covenants and reporting obligations. In addition, the lenders under the First Lien Credit Agreement will be permitted to accelerate the loans and terminate commitments thereunder or exercise other specified remedies available to secured creditors upon the occurrence of certain events of default, subject to certain grace periods and exceptions, which include, among others, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to certain material indebtedness, certain events of bankruptcy and insolvency, certain pension plan related events, material judgments and any change of control.

As of March 30, 2019, we had $723.2 million of outstanding borrowing on the first lien term loan, and no outstanding borrowings under the revolving credit facility, with $96.6 million of borrowing availability and outstanding letters of credit of $3.4 million under the First Lien Credit Agreement.

Second Lien Credit Agreement

The Borrower is party to a second lien credit agreement (the "Second Lien Credit Agreement" and, together with the First Lien Credit Agreement, the "Credit Facilities") providing for a $150.0 million senior term loan. The term loan under the Second Lien Credit Agreement matures on October 22, 2026.

Borrowings under the Second Lien Credit Agreement bear interest at a rate per annum equal to either (a) the Eurodollar rate, with a floor of 0.00%, as adjusted for the reserve percentage required under regulations issued by the Federal Reserve Board for determining maximum reserve requirements with respect to Eurocurrency funding, plus an applicable margin rate of 7.25%, or (b) an ABR rate, with a floor of 0.00%, plus an applicable margin rate of 6.25%. The ABR rate is determined as the greater of (a) the prime rate, (b) the federal funds effective rate, plus 0.50% or (c) the Eurodollar rate plus 1.00%.

The Second Lien Credit Agreement provides that the Borrower may request additional term loans or additional term facilities secured on a junior priority basis, subject to certain conditions and in an aggregate

principal amount not to exceed the sum of (a) the greater of (i) $160.0 million and (ii) 100% of Consolidated EBITDA (as defined in the Second Lien Credit Agreement) for the most recently completed four fiscal quarter period for which internal financial statements are available and ended on or prior to the date of any such incurrence, plus (b) an additional amount, subject to compliance on a pro forma basis with (i) a consolidated secured debt to Consolidated EBITDA ratio of no greater than 5.50 to 1.00 or (ii) if incurred in connection with a permitted acquisition or other investment, the applicable ratio immediately prior to such acquisition or other investment plus certain other amounts as specified in the Second Lien Credit Agreement. The Second Lien Credit Agreement also provides for the incurrence of unsecured debt, subject to certain conditions specified in the Second Lien Credit Agreement.

Except as provided below, the Second Lien Credit Agreement requires the Borrower to prepay, subject to certain exceptions, outstanding term loans thereunder with:

- 50% (which percentage will be reduced to 25% and 0% based upon the achievement and maintenance of first lien secured leverage ratios equal to or less than 4.00 to 1.00 and 3.75 to 1.00, respectively) of our annual excess cash flow;

- 100% (which percentage will be reduced to 50% and 0% based upon the achievement and maintenance of first lien secured leverage ratios equal to or less than 4.00 to 1.00 and 3.75 to 1.00, respectively) of net cash proceeds of non-ordinary course asset sales or other dispositions of property, in excess of the amount permitted under the Second Lien Credit Agreement; and

- 100% of net cash proceeds of certain issuances of debt obligations of the Borrower and its restricted subsidiaries after the closing date, except as permitted under the Second Lien Credit Agreement.

None of the above prepayments will be applied to the Second Lien Credit Facility while there are outstanding obligations under the First Lien Credit Facility.

The term loan under the Second Lien Credit Agreement does not amortize.

Except as provided below, the Borrower may repay outstanding term loans under the Second Lien Credit Agreement at any time without premium or penalty. In the event of any voluntary prepayment of the initial term loan under the Second Lien Credit Agreement, any prepayment of such initial term loans as a result of any debt incurrence prepayment event or any repricing transaction (a) closing prior to the first anniversary of the closing date, the Borrower shall pay a fee in an amount equal to 2.0% of the aggregate principal amount of the initial term loan so prepaid or outstanding on such date and (b) closing on or after the first anniversary of the closing date, but prior to the second anniversary of the closing date, the Borrower shall pay a fee in an amount equal to 1.0% of the aggregate principal amount of the initial term loan so prepaid or outstanding. However, the term loan under the Second Lien Credit Agreement may be prepaid without penalty with the proceeds of this offering.

All obligations under the Second Lien Credit Agreement are unconditionally guaranteed by Holdings, the Borrower and certain of the Borrower’s existing and future direct and indirect wholly-owned domestic subsidiaries, subject to certain exceptions. Subject to the intercreditor agreement which provides that liens under the Second Lien Credit Agreement are junior to the liens under the First Lien Credit Agreement, all obligations under the Second Lien Credit Agreement, and the guarantees of those obligations, are secured on a junior priority basis, subject to certain exceptions, by the substantially all of Holdings’ and the Borrower’s assets and the assets of the other guarantors.

The Second Lien Credit Agreement contains covenants that, among other things, limit our ability to incur additional debt; create liens against our assets; make acquisitions; pay dividends on our capital stock or redeem, repurchase or retire our capital stock; make investments, acquisitions, loans and advances; create negative pledges; and merge or consolidate with another entity and transfer or sell assets. The Second Lien Credit Agreement does not contain a financial maintenance covenant.

The Second Lien Credit Agreement also contains certain customary representations and warranties, affirmative covenants and reporting obligations. In addition, the lenders under the Second Lien Credit Agreement will be permitted to accelerate the loans and terminate commitments thereunder or exercise other specified remedies available to secured creditors upon the occurrence of certain events of default, subject to certain grace periods and exceptions, which will include, among others, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to certain material indebtedness, certain events of bankruptcy and insolvency, certain pension plan related events, material judgments and any change of control.

As of March 30, 2019, we had $150.0 million of outstanding term loans under our Second Lien Credit Agreement.

As of March 30, 2019, we were in compliance with the covenants of each of the First Lien Credit Agreement and the Second Lien Credit Agreement.

Contractual Obligations

We enter into long-term contractual obligations and commitments in the normal course of business, primarily operating leases.

As of December 29, 2018, our contractual obligations and other commitments were:

	Less than 1 year	2-3 Years	4-5 Years	Thereafter	Total
			(in thousands)		
Lease obligations (1)	$ 89,123	$ 197,126	$ 197,256	$ 850,746	$ 1,334,251
Principal payments of long-term debt (2)	7,349	16,556	14,789	835,096	873,790
Interest on long-term debt (3)	49,463	131,710	115,169	117,430	413,772
Purchase commitments (4)	10,000	20,000	8,206	—	38,206
Total	$ 155,935	$ 365,392	$ 335,420	$ 1,803,272	$ 2,660,019

(1) Includes the initial lease term and optional renewal terms that are included in the lease term of our headquarters, store and distribution center leases.
(2) Not reflected in this table is the expected repayment of a portion of term loans under the Credit Facilities as detailed in “Use of Proceeds.”
(3) Represents the expected cash payments for interest on our long-term debt based on the amounts outstanding as of the end of each period and the interest rates applicable on such debt as of December 29, 2018.
(4) Represents a purchase commitment for fresh meat with our primary fresh meat vendor.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of March 30, 2019.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. A summary of our significant accounting policies can be found in Note 1 to our audited consolidated financial statements included elsewhere in this prospectus. The preparation of these consolidated financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. These judgements and estimates are based on historical and other factors believed to be reasonable under the circumstances.

Management evaluated the development and selection of our critical accounting policies and estimates and believes that the following involve a higher degree of judgment or complexity and are most significant to

reporting our results of operations and financial position, and are therefore discussed as critical. The following critical accounting policies reflect the significant estimates and judgments used in the preparation of our consolidated financial statements. With respect to critical accounting policies, even a relatively minor variance between actual and expected results can potentially have a materially favorable or unfavorable impact on sequent results of operations. More information on all of our significant accounting policies can be found in Note 1 to our audited consolidated financial statements included elsewhere in this prospectus.

Long-Lived Asset Impairment—We evaluate events and changes in circumstances that could indicate carrying amounts of long-lived assets, including property and equipment, may not be recoverable. When such events or changes in circumstances occur, we assess the recoverability of long-lived assets by determining whether or not the carrying value of such assets will be recovered through undiscounted future cash flows derived from their use and eventual disposition. For purposes of this assessment, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If the sum of the undiscounted future cash flows is less than the carrying amount of an asset, we record an impairment loss for the amount by which the carrying amount of the assets exceeds its fair value.

Goodwill—We have goodwill recorded on our consolidated balance sheet. Goodwill is not amortized, but rather is subject to an annual impairment test. The annual impairment testing date is the first day of the fourth quarter. Should certain events or indicators of impairment occur between annual impairment tests, we would perform an impairment test of goodwill at that date. In this analysis, our assets and liabilities, including goodwill and other intangible assets, are assigned to the respective reporting unit. Measurement of an impairment loss would be based on the excess of the carrying amount of the reporting unit over its fair value.

The fair value of the reporting unit is determined using a combination of the income approach, which estimates the fair value of the reporting unit based on its discounted future cash flows, and two market approach methodologies, which estimate the fair value of the reporting unit based on market prices for publicly traded comparable companies as well as revenue and earnings multiples for merged and acquired companies in a similar industry.

Stock-based Compensation—Stock-based compensation cost is measured at grant date, based on the fair value of the award, and is recognized on a straight-line method over the requisite service period for awards expected to vest. We estimate the fair value of employee stock-based payment awards subject to only a service condition on the date of grant using the Black-Scholes valuation model. The Black-Scholes model requires the use of highly subjective and complex assumptions, including the option's expected term and the price volatility of the underlying stock. We estimate the fair value of employee stock-based payment awards subject to both a market condition and the occurrence of a performance condition on the date of grant using a Monte Carlo simulation model that assumes the performance criteria will be met and the target payout levels will be achieved. We will continue to use the Black-Scholes and Monte Carlo models for option pricing following the consummation of this offering.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We recognize compensation expense for awards expected to vest with only a service condition on a straight-line basis over the requisite service period, which is generally the award's vesting period. Vesting of these awards is accelerated for certain employees in the event of a change in control. Compensation expense for employee stock-based awards whose vesting is subject to the fulfillment of both a market condition and the occurrence of a performance condition is recognized on a graded-vesting basis at the time the achievement of the performance condition becomes probable.

The expected stock price volatility for the common stock was estimated by taking the average historic price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. Industry peers consist of several public companies in our industry which are of similar

size, complexity and stage of development. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury implied yield at the date of grant. The weighted-average expected term is determined with reference to historical exercise and post-vesting cancellation experience and the vesting period and contractual term of the awards. The forfeitures rate is estimated based on historical experience and expected future activity.

The fair value of shares of common stock underlying the stock options has historically been the determined by our board of directors, with input from management. Because there has been no public market for our common stock, the board of directors determined the fair value of common stock at the time of grant by considering a number of objective and subjective factors including quarterly independent third-party valuations of our common stock, operating and financial performance, the lack of liquidity of our capital stock and general and industry specific economic outlook, among other factors. The third-party valuation of our common stock used a combination of the discounted cash flow method under the income approach, the guideline public company method under the market approach and the guideline merged and acquired method under the market approach. The material assumptions used in the income approach method is the estimated future cash flows and the associated discount rate used to discount such cash flows. The material assumptions used in the market approach methods are estimated future revenue and EBITDA. While these material assumptions are subjective in nature, we have not deemed them complex. Following the consummation of this offering, the fair value of our common stock will be the closing price of our common stock as reported on the date of grant.

Variable Interest Entities—In accordance with the variable interest entities sub-section of ASC Topic 810, Consolidation, we assess at each reporting period whether we, or any consolidated entity, is considered the primary beneficiary of a variable interest entity ("VIE") and therefore required to consolidate it. Determining whether to consolidate a VIE may require judgment in assessing (i) whether an entity is a VIE, and (ii) if a reporting entity is a VIE's primary beneficiary. A reporting entity is determined to be a VIE's primary beneficiary if it has the power to direct the activities that most significantly impact a VIE's economic performance and the obligation to absorb losses or rights to receive benefits that could potentially be significant to a VIE.

We had 283 stores operated by independent operators as of December 30, 2017, 308 stores operated by independent operators as of December 29, 2018 and 315 stores operated by independent operators as of March 30, 2019. We have Operator Agreements in place with each IO. The IO orders its merchandise exclusively from us which is provided to the independent operator on consignment. Under the Operator Agreement, the IO may select a majority of merchandise that we consign to the IO, which the IO chooses from our merchandise order guide according to IO's knowledge and experience with local customer purchasing trends, preferences, historical sales and similar factors. The Operator Agreement gives the IO discretion to adjust our initial prices if the overall effect of all price changes at any time comports with the reputation of our Grocery Outlet retail stores for selling quality, name-brand consumables and fresh products and other merchandise at extreme discounts. IOs are required to furnish initial working capital and to acquire certain store and safety assets. The IO is required to hire, train, and employ a properly trained workforce sufficient in number to enable the IO to fulfill its obligations under the Operator Agreement. The IO is responsible for expenses required for business operations, including all labor costs, utilities, credit card processing fees, supplies, taxes, fines, levies, and other expenses. Either party may terminate the Operator Agreement without cause upon 75 days' notice.

As consignor of all merchandise to each IO, the aggregate sales proceeds from merchandise sales belongs to us. We, in turn, pay IOs a commission based on a share of the gross profit of the store. Inventories and related sales proceeds are our property, and we are responsible for store rent and related occupancy costs.

IOs may fund their initial store investment from existing capital, a third-party loan or most commonly through a note from us (Note 2). To ensure IO performance on their notes, the Operator Agreements grant us security interests in the assets owned by the IO. The total investment at risk associated with each IO is not sufficient to permit each IO to finance its activities without additional subordinated financial support and, as a result, the IO are VIEs which we have variable interests in. To determine if we are the primary beneficiary of

these VIEs, we evaluate whether we have (i) the power to direct the activities that most significantly impact the IO's economic performance and (ii) the obligation to absorb losses or the right to receive benefits of the IO that could potentially be significant to the IO. Our evaluation includes identification of significant activities and an assessment of our ability to direct those activities.

Activities that most significantly impact the IO economic performance relate to sales and labor. Sales activities that significantly impact the IO's economic performance include determining what merchandise the IO will order and sell and the price of such merchandise, both of which the IO controls. The IO is also responsible for all of their own labor. Labor activities that significantly impact the IO's economic performance include hiring, training, supervising, directing, compensating (including wages, salaries and employee benefits) and terminating all of the employees of the IO, activities which the IO controls. Accordingly, the IO has the power to direct the activities that most significantly impact the IO's economic performance. Furthermore, the mutual termination rights associated with the Operator Agreements do not give us power over the independent operator.

Our maximum exposure to the IOs is generally limited to the gross receivable due from these entities. Additional information can be found in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus.

Recently Issued Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13, which was further updated and clarified by the FASB through issuance of additional related ASUs, amends the guidance surrounding measurement and recognition of credit losses on financial assets measured at amortized cost, including trade receivables and debt securities, by requiring recognition of an allowance for credit losses expected to be incurred over an asset's lifetime based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability. This "expected loss" model will result in earlier recognition of credit losses than the current "as incurred" model, under which losses are recognized only upon an occurrence of an event that gives rise to the incurrence of a probable loss. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and is to be adopted on a modified retrospective basis. The Company will adopt ASU 2016-13 beginning in the first quarter of fiscal 2020 and is currently evaluating the impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU 2018-15"). ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-15 is effective retrospectively for fiscal years and interim periods within those years beginning after December 15, 2019. The Company will adopt ASU 2018-15 beginning in the first quarter of fiscal year 2020. The Company does not expect the adoption of ASU 2018-15 to have a material effect on the Company's financial statements.

Recently Adopted Accounting Standards

The Company adopted ASU 2016-02, *Leases (Topic 842)*, on December 30, 2018, using the modified retrospective approach with the cumulative effect of transition. The modified retrospective approach provides a method for recording existing leases at adoption with the comparative reporting periods being presented in accordance with ASU No. 2018-11, *Leases (Topic 840)*. The Company elected a number of the practical expedients permitted under the transition guidance within the new standard. This included the election to apply the practical expedient package upon transition, which comprised the following:

- the Company did not reassess whether expired or existing contracts are or contain a lease;

- the Company did not reassess the classification of existing leases; and
- the Company did not reassess the accounting treatment for initial direct costs.

In addition, the Company elected the practical expedient related to short-term leases, which allows the Company not to recognize a right of use asset and lease liability for leases with an initial expected term of 12 months or less.

Adoption of the new standard resulted in the recording of additional lease assets of $646 million and lease liabilities of $709 million on the consolidated balance sheet as of December 30, 2018, which includes the reclassification of amounts presented in comparative periods as deferred rent as a reduction to the lease assets. The adoption of the new standard did not result in a material cumulative-effect adjustment to the opening balance of retained earnings. The standard did not materially impact the consolidated statement of income and other comprehensive income and had no impact on cash flows. See Note 3 of our unaudited condensed consolidated financial statements appearing elsewhere in this prospectus for further discussion on the adoption of ASU 2016-02.

For additional information on recently issued and recently adopted accounting pronouncements, see Note 1 to our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

Quantitative and Qualitative Disclosures About Market Risks

Interest Rate Risk

Our operating results are subject to risk from interest rate fluctuations on our credit facilities, which carry variable interest rates. Our Credit Facilities include a term loan under the First Lien Credit Agreement, a term loan under the Second Lien Credit Agreement and a revolving credit facility under the First Lien Credit Agreement which provides for revolving loans of up to $100.0 million, with a sub-commitment for issuance of letters of credit of $35.0 million. Because our Credit Facilities bear interest at a variable rate, we are exposed to market risks relating to changes in interest rates. As of March 30, 2019, we had $723.2 million and $150.0 million of outstanding variable rate loans outstanding under term loans under the First Lien Credit Agreement and Second Lien Credit Agreement, respectively, and no outstanding variable rate debt under our revolving credit facility under the First Lien Credit Agreement. Based on our March 30, 2019 credit facility balance, an increase or decrease of 1% in the effective interest rate would cause an increase or decrease in interest cost of approximately $8.8 million over the next 12 months. We do not use derivative financial instruments for speculative or trading purposes, but this does not preclude our adoption of specific hedging strategies in the future.

Impact of Inflation

Our results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our historical results of operations and financial condition have been immaterial. We cannot be assured that our results of operations and financial condition will not be materially impacted by inflation in the future.

BUSINESS

Our Company

We are a high-growth, extreme value retailer of quality, name-brand consumables and fresh products sold through a network of independently operated stores. Each of our stores offers a fun, treasure hunt shopping experience in an easy-to-navigate, small-box format. An ever-changing assortment of "WOW!" deals, complemented by everyday staple products, generates customer excitement and encourages frequent visits from bargain-minded shoppers. Our flexible buying model allows us to offer quality, name-brand opportunistic products at prices generally 40% to 70% below those of conventional retailers. Entrepreneurial IOs run our stores and create a neighborhood feel through personalized customer service and a localized product offering. This differentiated approach has driven 15 consecutive years of positive comparable store sales growth.

Our differentiated model for buying and selling delivers a "WOW!" shopping experience, which generates customer excitement, inspires loyalty and supports profitable sales growth:

- ***How we buy:*** We source quality, name-brand consumables and fresh products opportunistically through a large, centralized purchasing team that leverages long-standing and actively managed supplier relationships to acquire merchandise at significant discounts. Our speed and efficiency in responding to supplier needs, combined with our specialized supply chain capabilities and flexible merchandising strategy, enhance our access to discounted products and allow us to turn inventory quickly and profitably. Our buyers proactively source on-trend products based on changing consumer preferences, including a wide selection of NOSH products. We also source everyday staple products to complement our opportunistic offerings. We purchase over 85,000 stock keeping units ("SKUs") from approximately 1,500 suppliers annually. Each store offers a curated and ever-changing assortment of approximately 5,000 SKUs, creating a "buy now" sense of urgency that promotes return visits and fosters customer loyalty.

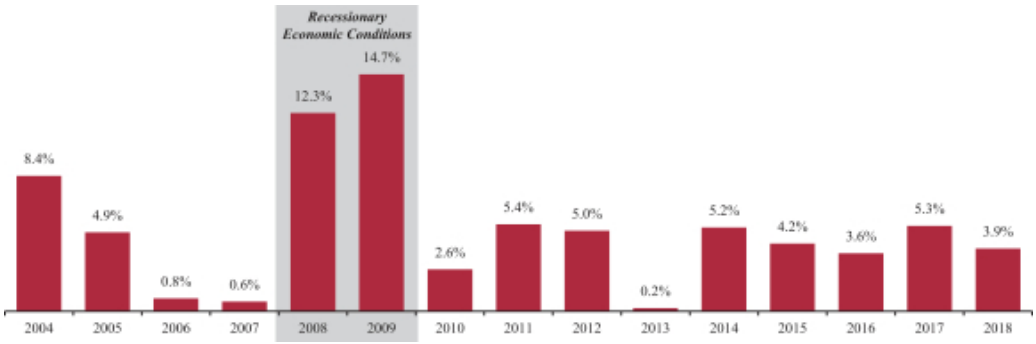
- ***How we sell:*** Our stores are independently operated by entrepreneurial small business owners who have a relentless focus on selecting the best products for their communities, providing personalized customer service and driving improved store performance. Unlike a store manager of a traditional retailer, IOs are independent businesses and are responsible for store operations, including ordering, merchandising and managing inventory, marketing locally and directly hiring, training and employing their store workers. IOs also initially contribute capital to establish their business and share store-level gross profits with us. These factors both align our interests and incentivize IOs to aggressively grow their businesses to realize substantial financial upside. This combination of local decision-making supported by our purchasing scale and corporate resources results in a "small business at scale" model that we believe is difficult for competitors to replicate.

Our value proposition has broad appeal with bargain-minded customers across all income levels, demographics and geographies. Customers visited our stores over 85 million times in 2018 with the average customer shopping twice per month and spending over $25 per transaction. We believe that our sustained focus on delivering ever-changing "WOW!" deals within a fun, treasure hunt shopping environment has generated strong customer loyalty and brand affinity. This customer enthusiasm is evidenced by our high scores on surveys designed to measure customer experience of and likelihood to recommend our brand ("net promoter scores") and 11 consecutive years of positive comparable store traffic growth. We believe that our broad customer appeal supports significant new store growth opportunities, and we plan to continue to expand our reach to additional customers and geographies across the United States.

Our stores have performed well across all economic cycles, as demonstrated by our 15 consecutive years of positive comparable store sales growth and consistent gross margins of between 30.1% and 30.8% since 2010.(1) In fact, our value proposition attracts even more customers in periods of economic uncertainty as evidenced by our average 13.5% comparable store sales growth during the recessionary economic conditions

experienced in 2008 and 2009. Our model is also insulated from store labor-related variability because IOs directly employ their store workers. The result is lower corporate fixed costs, providing further protection in the event of an economic downturn.

15 Consecutive Years of Positive Comparable Store Sales Growth (2004 – 2018) (1)

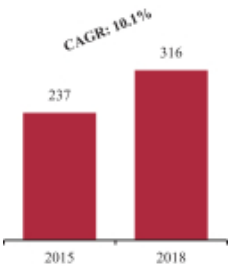


(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors and Measures We Use to Evaluate Our Business—Comparable Store Sales" and "—Gross Profit and Gross Margin."

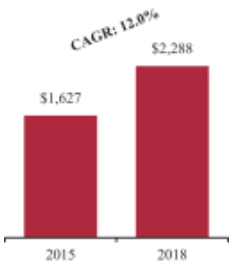
Following the 2014 H&F Acquisition (as defined below), we made significant infrastructure investments and have continued to grow our business, as evidenced by the following achievements since 2015:

- Expanded our store count from 237 to 316 (as of December 29, 2018), a CAGR of 10.1%
- Grown comparable store sales at an average annual rate of 4.2%
- Increased sales from $1.6 billion to $2.3 billion, a CAGR of 12.0%
- Maintained consistent gross margins of between 30.2% and 30.6% on an annual basis
- Increased net income from $4.8 million to $15.9 million, a CAGR of 49.3%
- Increased adjusted EBITDA from $108.2 million to $153.6 million, a CAGR of 12.4%

Store count



Sales ($MM)



Net income ($MM)

Adjusted EBITDA ($MM)

Our Competitive Strengths

We believe that the following competitive strengths are key drivers of our current success and position us for continued growth.

- ***Powerful Customer Value Proposition Supported by a "WOW!" Experience.*** Delivering thrilling "WOW!" deals to our customers is a cornerstone of our business. We offer customers quality, name-brand consumables and fresh products at deep discounts in a fun, treasure hunt shopping environment. Our product offering is ever-changing with a constant rotation of opportunistic products, complemented by an assortment of competitively priced everyday staples across grocery, produce, refrigerated and frozen foods, beer and wine, fresh meat and seafood, general merchandise and health and beauty care. A typical Grocery Outlet basket is priced approximately 40% lower than conventional grocers and approximately 20% lower than the leading discounters. Our stores are convenient, easy to navigate and require neither membership fees nor bulk purchases for customers to save money. Upon entering a store, customers encounter a curated selection of fresh produce and perishables, complemented by a "Power Wall" showcasing many of our most exciting "WOW!" offerings. Our stores have wide aisles, clear signage and a high level of customer service. Upon checkout, a cashier "circles the savings" on each customer's receipt, which reinforces the compelling value that we provide.

- ***Flexible Sourcing and Distribution Model That Is Difficult to Replicate.*** Our flexible sourcing and distribution model differentiates us from traditional retailers and allows us to provide customers quality, name-brand products at exceptional values. As strong stewards of our suppliers' brands, we are a preferred partner with a reputation for making rapid decisions, purchasing significant volumes and creatively solving suppliers' inventory challenges to arrive at "win-win" outcomes. We take advantage of opportunities to acquire merchandise at substantial discounts that regularly arise from order cancellations, manufacturer overruns, packaging changes and approaching "sell-by" dates. We supplement our "WOW!" deals with everyday staples in order to provide a convenient shopping experience. Our buying strategy is deliberately flexible, which allows us to react to constantly changing opportunities. With over 60 people, our centralized sourcing team has deep experience and decades-long relationships with leading CPG companies. Our team is highly selective when evaluating the growing number of opportunities available to us and maintains a disciplined yet solutions-oriented approach. We buy from approximately 1,500 suppliers annually, with no supplier representing more than 5% of sales, and benefit from an average relationship of 30 years with our top 15 suppliers. Our specialized model is supported by a supply chain designed to quickly and efficiently deliver an ever-changing assortment of products to store shelves.

- ***Independent Operators Who Are the Foundation of Our "Small Business at Scale" Model.*** Our stores are independent business entities operated by entrepreneurial small business owners who have a relentless focus on ordering and merchandising the best products for their communities, providing personalized customer service and driving improved store performance. We generally share 50% of store-level gross profits with IOs, thereby incentivizing them to aggressively grow their business and realize substantial financial upside. IOs leverage our national purchasing scale, sophisticated ordering and information systems and field support in order to operate more efficiently. This combination of local decision-making supported by our purchasing scale and corporate resources results in a "small business at scale" model that we believe is difficult for competitors to replicate. The vast majority of our IOs operate a single store, with most working as two-person teams, and, on average, have been operating their stores for more than five years. We encourage our IOs to establish local roots and actively participate in their communities to foster strong personal connections with customers. Our IOs select approximately 75% of their merchandise based on local preferences, providing a unique assortment tailored to their community. Our collaborative relationship with our IOs creates a powerful selling model allowing us to deliver customers exceptional value with a local touch.

- ***Proven and Consistent New Store Economics.*** Our new stores have generated robust store-level financial results, strong cash flow and attractive returns. Our highly flexible, small-box format of 15,000 to 20,000 total square feet has been successful across geographic regions, population densities and demographic groups, and has proved resilient to competitive entries from discounters and conventional retailers alike. On average, our stores achieve profitability during the first year of operations, reach maturity in four to five years and realize a payback on investment within four years. We have doubled our store count since 2011 and, on average, our stores opened during this time period with at least four years of operating history have produced year-four cash-on-cash returns of over 40%, outperforming our underwriting hurdles. We believe that our broad customer appeal, differentiated value proposition and the predictable financial performance of our stores across vintages provide a high degree of visibility into the embedded earnings growth from our recently opened stores. For illustrative purposes, assuming that each of our 84 open but not mature stores as of December 29, 2018 were able to attain the average year-four financial performance of our mature stores opened since 2006, we believe we would have generated approximately $32 million of incremental adjusted EBITDA in 2018. We have not reconciled incremental adjusted EBITDA to the most directly comparable GAAP measure because this cannot be done without unreasonable effort due to the imprecision and difficulty of allocating corporate operating, financing and tax expense to individual stores. We believe the variability inherent in allocating such expenses would potentially have an unpredictable and significant impact on the determination of incremental GAAP net income for such stores.

- ***Value-Oriented Brand Aligned with Favorable Consumer Trends.*** We believe that consumers' search for value is the new normal in retail. The success of off-price retailers represents a secular consumer shift toward value as a leading factor in purchasing decisions. Moreover, as Millennials mature and Baby Boomers age, they are increasingly focused on value, driving shopper traffic towards the deep discount channel. According to published research, between 1988 and 2016, traditional grocery retailers ceded over 45 percentage points of market share to non-traditional grocery stores, including convenience stores, wholesale clubs, supercenters, dollar stores, drug stores and discounters. These trends have continued even after the completion of recessionary cycles, indicating that value remains a leading factor in consumers' retail purchasing decisions despite the return of stronger economic conditions. According to the National Retail Federation, 89% of all shoppers across geographies, household incomes, genders and age demographics shop at discount retailers, including off-price, dollar, outlet and discount grocery stores. We have spent decades building our IO and opportunistic purchasing models to offer deep discounts in a customer-friendly store environment, which enables us to take advantage of this ongoing preference for value.

- ***Collaborative Company Culture Provides the Foundation for Continued Success.*** One of our key competitive advantages is our culture of family and community values, grounded in integrity, entrepreneurship, performance and collaboration. We have been dedicated to our mission of "Touching Lives for the Better" since our inception. Our passion and commitment are shared by team members throughout the entire organization, from our IOs and their employees to our distribution centers and corporate offices. We are a third-generation, family-run business led by CEO Eric Lindberg and Vice Chairman MacGregor Read. Both Messrs. Lindberg and Read have been with Grocery Outlet for over 20 years and have instilled a "servant leadership" mentality that empowers employees and IOs and forms the basis of our highly collaborative culture. These values are shared by a seasoned and cohesive management team with an average of 22 years of retail industry experience and a focus on consistent, long-term growth.

Our Growth Strategies

We plan to continue to drive sales growth and profitability by maintaining a relentless focus on our value proposition and executing on the following strategies:

- ***Drive Comparable Sales Growth.*** We expect that our compelling value proposition will continue to attract new customers, drive repeat visits, increase basket sizes and, as a result, generate strong comparable store sales growth. We plan to:

  - ***Deliver More "WOW!" Deals and Expand Our Offerings.*** We intend to drive incremental traffic and increase our share of wallet by further leveraging our purchasing model. We continue to deepen existing and develop new supplier relationships to ensure that we are the preferred partner and the first call for opportunistic inventory. As a result, we believe there is a significant opportunity to source and offer more "WOW!" deals within existing and new product categories, thereby offering greater value and variety to customers. For example, in response to growing consumer preferences for fresh and healthy options, we have grown NOSH primarily through opportunistic purchasing to represent over 15% of our current product mix. More recently, we have expanded our offerings to include fresh seafood and grass-fed meat in order to increase sales to existing and new customers.

  - ***Support IOs in Enhancing the "WOW!" Customer Experience.*** We continue to implement operational initiatives to support IOs in enhancing the customer experience. We develop and improve tools that provide IOs with actionable insights on sales, margin and customer behavior, enabling them to further grow their business. Our recently enhanced inventory planning tools help IOs make better local assortment decisions while reducing out-of-stock items and losses related to product markdowns, throwaways and theft ("shrink"). We also regularly deploy updated fixtures, signage and enhanced in-store marketing to further improve the shopping experience, which we believe results in higher customer traffic and average basket sizes.

  - ***Increase Customer Awareness and Engagement.*** Our marketing strategy is focused on growing awareness, encouraging new customers to visit our stores and increasing engagement with all bargain-minded consumers. Our recent emphasis on digital marketing is enabling us to deliver specific and real-time information to our customers about the most compelling "WOW!" deals at their local store. We have over one million email subscribers in our database, most of whom receive daily and weekly "WOW! Alerts." Along with our IOs, we have begun to utilize social media to increase our brand affinity and interact with customers more directly on a daily basis. Looking forward, we see an opportunity to further personalize our digital communications to both increase engagement with our existing customers and introduce new customers to our stores. We will continue to supplement our digital marketing with traditional print and broadcast advertising including through our new marketing campaign, "Welcome to Bargain Bliss."

- ***Execute on Store Expansion Plans.*** We believe the success of our stores across a broad range of geographies, population densities and demographic groups creates a significant opportunity to profitably increase our store count. Our new stores typically require an average net cash investment of approximately $2.0 million and realize a payback on investment within four years. In 2018, we opened 26 new stores and expect to open 32 new stores in 2019. Based on our experience, in addition to research conducted by eSite Analytics, we believe there is an opportunity to establish over 400 additional locations in the states in which we currently operate and approximately 1,600 additional locations when neighboring states are included. Our goal is to expand our store base by approximately 10% annually by penetrating existing and contiguous regions. Over the long term, we believe the market potential exists to establish 4,800 locations nationally.

- ***Implement Productivity Improvements to Reinvest in Our Value Proposition.*** Our seasoned management team has a proven track record of growing our business while maintaining a disciplined cost structure. Since the 2014 H&F Acquisition, we have made significant investments that have laid a solid foundation for future growth. For example, we recently implemented a new warehouse management system that has increased distribution labor productivity and improved store ordering capabilities to help reduce shrink. We have implemented and will continue to identify and implement productivity improvements through both operational initiatives and system enhancements, such as category assortment optimization, improved inventory management tools and greater purchasing specialization. We intend to reinforce our value proposition and drive further growth by reinvesting future productivity improvements into enhanced buying and selling capabilities.

Company History

Our founder, Jim Read, pioneered our opportunistic buying model in 1946 and subsequently developed the IO selling approach beginning in Redmond, Oregon in 1973, which harnesses individual entrepreneurship and local decision-making to better serve our customers. Underlying this differentiated model was a mission that still guides us today: “Touching Lives for the Better.” Since 2006, the third generation of Read family leadership has advanced this mission and accelerated growth by strengthening our supplier relationships, introducing new product categories and expanding the store base from 128 to 323 stores across the West Coast and Pennsylvania, including our expansion into Southern California in 2012. These efforts have more than tripled sales from approximately $640 million in 2006 to $2.3 billion in 2018, representing an 11% CAGR. Our passionate, founding family-led management team remains a driving force behind our growth-oriented culture.

In 2009, affiliates of private equity firm Berkshire Partners acquired a majority interest in our company. In 2011, we established a presence on the East Coast by acquiring a regional discount grocery chain in Pennsylvania. In 2014, Berkshire Partners sold their majority interest to the H&F Investor in the 2014 H&F Acquisition. The H&F Investor acquired approximately 80% of our company pursuant to this transaction, with management and family retaining approximately 20%. Since the 2014 H&F Acquisition, we have made significant investments in our corporate and distribution infrastructure to support our growth, expand the store base and reinvest in existing stores.

Procurement and Supply Chain

Procurement

Our flexible sourcing and supply chain model differentiates us from traditional retailers and allows us to provide customers quality, name-brand consumables and fresh products at exceptional values. We take advantage of opportunities to acquire merchandise at substantial discounts that regularly arise from order cancellations, manufacturer overruns, packaging changes and approaching “sell-by” dates. As strong stewards of our suppliers’ brands, we are a preferred partner of leading CPGs with a reputation for making rapid decisions, purchasing in significant volumes and creatively solving their inventory challenges. Our buying strategy is deliberately flexible to allow us to react to constantly changing opportunities.

Our centralized sourcing team, consisting of our purchasing and inventory planning groups represents nearly one-third of our corporate staff and has deep experience and decades-long relationships with leading CPG companies. Our purchasing leadership has over 160 combined years of experience at Grocery Outlet and an average tenure of over 10 years. Our team is highly selective when evaluating the growing number of opportunities available to us and maintains a disciplined yet solutions-oriented approach. We buy from approximately 1,500 suppliers annually, with no supplier representing more than 5% of sales. We have an average relationship of 30 years with our top 15 suppliers. We are always seeking out and developing new supplier relationships to acquire desirable products at discounts that excite our customers. Our inventory planning group collaborates with and supports our buyers to ensure we purchase the appropriate type and quantity of products in order to maintain adequate inventory levels in key product categories.

We believe that we have a leading share of the large and growing excess inventory market. As we grow, we expect to have even greater access to quality merchandise due to our increased scale, broader supplier awareness and expanded geographic presence. We also expect the supply of opportunistic products to continue to expand as incumbent CPGs continue to invest in new products, brands and marketing. Additionally, we believe that changing consumer preferences will continue to support the proliferation of small and innovative CPG brands, and allow us to add new suppliers to our network.

Opportunistically sourced products represent approximately half of our purchasing mix. We refer to our best opportunistic purchases as "WOW!" deals, which generally represent deep discounts of 40% to 70% relative to conventional retailers. These products generate customer excitement and typically sell quickly due to their compelling value. The short duration and continually changing nature of our "WOW!" deals create a treasure hunt environment and a sense of urgency for customers to find and stock up on those heavily discounted items before they sell out. Furthermore, our "WOW!" items encourage repeat shopper visits as customers return to stores to discover what new deals are available.

We supplement our opportunistic purchases with competitively priced everyday staples in order to provide a convenient shopping experience. We typically source these staple products (e.g., milk, eggs, sugar) from multiple suppliers to lower our costs and we avoid long-term supply commitments to maintain the flexibility to pursue opportunistic buys as they arise.

The average store offers 5,000 SKUs at any given time, providing customers with a curated and ever-changing assortment. We typically purchase over 85,000 SKUs annually, which is reflected in the high frequency of new products flowing in and out of stores. Our perishable departments, including dairy and deli, produce and floral and fresh meat and seafood, represented approximately 34% of our 2018 sales. Our non-perishable departments including grocery, general merchandise, health and beauty care, frozen foods and beer and wine represented approximately 66% of our 2018 sales. We also offer a wide variety of NOSH products across most departments. Consumables represented approximately 90% of our product sales in 2018. Overall, on a typical Grocery Outlet basket, we offer savings of approximately 40% relative to conventional grocers and 20% relative to leading discounters.

Supply Chain

Over time, we have honed our supply chain operations to support our opportunistic buying approach and to quickly and efficiently deliver products to our stores. We believe our supply chain flexibility enables us to solve suppliers' inventory challenges and, therefore, obtain significant discounts on purchases. After agreeing to purchase product from a supplier, we move quickly to receive, process and distribute the goods. Our systems allow IOs real-time visibility to our inventory, significantly reducing time to shelf. IOs typically order multiple deliveries per week resulting in higher inventory turns, lower shrink and a frequent assortment of new products on shelf.

As further evidence of the flexibility of our supply chain and the value we provide suppliers, we have dedicated teams to handle unique situations in which products need to be reconditioned or relabeled for sale. These items may include products without a UPC label, goods labeled for another geography, or inventory with damaged packaging.

We distribute inventory through seven primary distribution centers. We operate three distribution centers and use four distribution centers operated by third parties. We have an in-house transportation fleet as well as strong transportation partner relationships that provide consistent performance and timely deliveries to our operators. From our primary distribution centers, we complete over 1,200 deliveries per week to stores, or approximately two non-refrigerated and two refrigerated deliveries per store per week. Stores also receive produce deliveries several times per week directly from our wholesale partners. These capabilities allow us to offer an ever-changing assortment of products, with store-level inventory turning approximately 13 times per year.

We believe that our strategy of utilizing both Company-operated and third-party facilities improves inventory access for stores while limiting our distribution capacity exposure and need to invest in infrastructure and organizational resources as we expand. We believe our existing distribution footprint has capacity to support our anticipated store growth over the next several years.

Independent Operators

IOs are independent business entities owned by one or more entrepreneurially minded individuals who typically live in the same community as their store and demonstrate a relentless focus on ordering and merchandising the best products for their communities, providing personalized customer service and driving improved store performance. The vast majority of our IOs operate a single store with most working as a two-person team, and on average have been operating their stores for over five years. We encourage our IOs to establish local roots and actively participate in their communities to foster strong personal connections with customers.

We generally share 50% of store-level gross profits with IOs, thereby incentivizing them to aggressively grow their business and realize substantial financial upside. The independent operator agreement (the "Operator Agreement") that we sign with each IO gives the IO broad responsibility over store-level decision-making. This decision-making includes merchandising, selecting approximately 75% of products, managing inventory, marketing locally, directly hiring, training and employing their store workers and supervising store operations to carry out our brand's commitment to superior customer service. As a result, our IO model reduces our fixed costs, corporate overhead and exposure to wage inflation pressures and centralized labor negotiations.

IOs leverage our national purchasing network, sophisticated ordering and information systems and field support in order to operate more efficiently. We facilitate collaboration among IOs to share best practices through company-wide and regional meetings, our IO intranet and other online and informal communications. This combination of local decision-making supported by our purchasing scale and corporate resources results in a "small business at scale" model that we believe is difficult for competitors to replicate. Our collaborative relationship with our IOs creates a powerful selling model allowing us to deliver customers exceptional value with a local touch.

As of March 30, 2019, 315 of our 323 stores were operated by IOs. We have entered into an Operator Agreement with each IO, which grants that IO a license to operate a particular Grocery Outlet Bargain Market retail store and to use our trademarks, service marks, trade names, brand names and logos under our brand standards. The Operator Agreement, along with our Best Business Practice Manual, defines our brand standards and sets forth the terms of the license granted to that IO. IOs have discretion to determine the manner and means for accomplishing their duties and implementing our brand standards. The success of this licensing arrangement depends upon mutual commitments by us and the IO to cooperate with each other and engage in practices that protect our brand standards and the reputation of our brand and enhance the sales, business and profit potential of the IO's store.

The vast majority of our IOs operate a single store with most working as a two-person family team. We believe this team approach leverages complementary operator skill sets resulting in a greater connection with customers along with improved store operations and service levels. As measured in our quarterly surveys, IO satisfaction with their business opportunity remains consistently high. Although the Operator Agreement provides that either the IO or we may terminate the Operator Agreement for any reason on 75 days' written notice, IO attrition is low, with less than 5% of IOs voluntarily electing to leave Grocery Outlet in each of fiscal years 2017 and 2018. While we may also terminate the Operator Agreement for cause immediately, overall, IO turnover is low.

IOs are responsible for operational decision-making for their store, including hiring, training and employing their own workers as well as ordering and merchandising products. The IO orders merchandise solely from us, which we, in turn, deliver to IOs on consignment. As a result, we retain ownership of all merchandise until the point in time that merchandise is sold to a customer. Under the Operator Agreement, IOs are given the right to select a majority of merchandise that is sold in their store. IOs choose merchandise from our order guide according to their knowledge and experience with local customer purchasing trends, preferences, historical sales and other related factors. IOs are able to uniquely display and merchandise product in order to appeal to their

local customer base. IOs also have discretion to adjust pricing in response to local competition or product turns, provided that the overall outcome based on an average basket of items comports with our reputation for selling quality name-brand consumables and fresh products and other merchandise at significant discounts. IOs are expected to engage in local marketing efforts to promote their store and enhance the reputation and goodwill of the Grocery Outlet brand. To protect our brand and reputation, the Operator Agreement requires IOs to adhere to brand standards, including cleanliness, customer service, store appearance, conducting their business in compliance with all laws and observing requirements for storing, handling and selling merchandise.

As consignor of all merchandise, the aggregate sales proceeds belong to us. We, in turn, pay IOs a commission which is generally 50% of the store's gross profit in exchange for the IO's services in staffing and operating the store. Any spoiled, damaged or stolen merchandise, markdowns or price changes impact gross margin and therefore the IO's commission. We generally split these losses equally with IOs. As a result, IOs are exposed to the risk of loss of such merchandise and are incentivized to minimize any such losses.

We lease and build out each Grocery Outlet location. Under the Operator Agreement, we provide IOs with the right to occupy the store premises solely to operate the retail store on the terms set forth in the Operator Agreement. The Operator Agreement specifies the retail store that the IO is entitled to operate, but it does not grant the IO an exclusive territory, restrict us from opening stores nearby, or give the IO preference to relocate to another store as opportunities arise. As the store tenant, we fund the build-out of the store including racking, refrigeration and other equipment and pay rent, common area maintenance and other lease charges. IOs must cover their own initial working capital requirements and acquire certain store and safety assets. IOs may fund their initial store investment from their existing capital, a third-party loan or, most commonly, through a loan from us. Our IOs are required to hire, train and employ a properly trained workforce sufficient in number to enable the IO to fulfill its obligations under the Operator Agreement. IOs are responsible for expenses required for business operations, including all labor costs, utilities, credit card processing fees, supplies, taxes (i.e., withholding, contributions and payroll taxes and income taxes on commissions paid to them), fines, levies and other expenses attributable to their operations.

We field over 20,000 leads for prospective new IOs annually in pursuit of smart and entrepreneurially minded retail leaders to support our continued growth. After a robust screening and interview process, we select fewer than one out of every 300 leads to enter a rigorous six- to nine-month Aspiring Operator in Training ("AOT") program with the goal of potentially becoming an IO. AOTs receive on-the-job training as an employee of an experienced IO that applies to serve as a training store for us and teach the skills that they learned and now rely on to drive their own financial success. This gives AOTs the chance to experience first-hand what running a Grocery Outlet and managing employees will require. We supplement on-the-job training with classes at our headquarters and through online tutorials so that AOTs gain a thorough appreciation for an IO's responsibilities and opportunities. Upon successful completion of the training program, AOTs submit business plans to apply for new stores as they become available. Those business plans generally include a competitive analysis of the local market, operational strategy, marketing plan and projected financial performance. Based on the strength of that business plan, including an AOT's familiarity with the local market, we ultimately select an IO as new store opportunities open and facilitate the transition.

Our Stores

Delivering thrilling deals to our customers is a cornerstone of our business. We offer customers quality, name-brand products at deep discounts in a fun, treasure hunt shopping environment. Our stores are convenient, easy to navigate and require no membership fee or bulk purchases, which provides all customers with the ability to realize significant savings in an enjoyable shopping environment. Our IO model is another key point of differentiation and facilitates personalized customer service and enhances connections with the local communities that we serve.

As of March 30, 2019, we had 323 stores that average approximately 14,000 square feet on the sales floor. We believe our value proposition resonates across a broad range of geographies, population densities and

demographic groups as evidenced by the consistency of our store performance, with over 99% of mature stores generating positive EBITDA on a single-store basis. Our stores have proven to be highly resilient with only six stores closing since 2014. Those store closures included two Company-operated stores that were closed at the end of their lease terms, one Company-operated store closed due to landlord site redevelopment, one IO store destroyed by wildfire and two IO stores closed at the end of their lease terms.

The following illustrations show the number of stores in each of the states in which we operated as of December 29, 2018 and our expansion opportunities:

Expansion Opportunities

We believe the success of our stores across a broad range of geographies, population densities and demographic groups creates a significant opportunity to profitably increase our store count. In 2018, we opened 26 new stores and expect to open 32 new stores in 2019. We have a dedicated real estate team that utilizes a rigorous site selection process in order to source new store locations that generate strong overall returns. Those sites are reviewed by our real estate committee, which includes our Chief Executive Officer, Vice Chairman, President and Chief Financial Officer.

We deploy a store model that generates robust store-level financial results, strong cash flow and powerful returns. We target new stores of between 15,000 and 20,000 total square feet with an average of 4,000 square feet of non-selling space at an average net cash investment of approximately $2.0 million including store buildout (net of contributions from landlords), inventory (net of payables) and cash pre-opening expenses. Based on our historical performance, we target sales of $5.5 million during the first year with sales increasing 25% to 30% cumulatively until reaching maturity in four to five years. Our underwriting criteria target an average year-four cash-on-cash return of approximately 35% and an average payback on investment within four years. On average, our stores opened since 2011 with at least four years of operating history have produced year-four cash-on-cash returns of over 40%, outperforming our underwriting hurdles.

In the near term, we plan to grow our store base to capture whitespace in existing markets as well as contiguous regions. Based on our experience, in addition to research conducted by eSite Analytics, we believe there is an opportunity to establish over 400 additional locations in the states in which we currently operate and approximately 1,600 additional locations when neighboring states are included. Our goal is to expand our store base by approximately 10% annually by penetrating existing and contiguous regions. Over the long term, we believe the market potential exists to establish 4,800 locations nationally.

Store Design & Layout

Upon entering a store, customers are greeted by signage introducing our IOs, a tailored selection of fresh produce and other perishables, followed by a "Power Wall" displaying many of our most compelling "WOW!" offerings.

Our stores are neatly organized and well maintained with clear signage to guide the customer through our various departments such as produce, beer and wine and fresh meat and seafood. Specialized item price tags call attention to our "WOW!" deals and highlight our robust NOSH offerings. Upon checkout, a cashier "circles the savings" on each customer's receipt, which reinforces the compelling value that we provide.

Stores are assorted and merchandised uniquely by IOs providing a "WOW!" treasure hunt shopping experience. On average, approximately 75% of the assortment in each Grocery Outlet store is selected by IOs based on local preference and shopping history while the remaining assortment is delivered to stores to support marketing circulars and manage "sell-by" dates. We have several customized systems and tools in place, including our ordering system that allows IOs to see our real-time inventory and provides ordering suggestions based on local store characteristics. IOs have broad autonomy to create unique merchandising displays highlighting their "WOW!" offerings which strengthens the local feel of each store.

Our Customers

Our value proposition has broad appeal, with bargain-minded customers spanning all income levels and demographics. Our average customer spends over $25 per transaction and visits our stores approximately twice per month. In our weekly blind customer survey, over 65% of our core customers most closely associate Grocery Outlet with "consistently low prices" among the consumable retailers that they shop, significantly more than any other retailer. We define our core customers as those who self identify as spending at least 25% of their monthly grocery budget at Grocery Outlet. Our net promoter score for 2018 was 60%, the highest among consumable retailers visited by our core customers based on our weekly blind survey.

We have begun to develop a strong digital and social media following by "WOW!"ing our customers every day. We have over one million email subscribers in our database, most of whom receive daily "WOW! Alerts" (emails that showcase some of the best deals on an individual store basis). Brand24, a social media monitoring tool, identified 90% of social mentions of Grocery Outlet as positive in 2018. This proportion of positive mentions from Twitter, Facebook, Instagram and other platforms is higher than many well-known discount retailers of consumable products, including WinCo, Trader Joe's, Costco, Walmart and Aldi.

Marketing

Our ability to consistently deliver "WOW!" deals that generate customer excitement is our strongest marketing tool. We promote brand awareness and drive customers to shop through centralized marketing initiatives along with local IO marketing efforts. As a result of this approach and local marketing campaigns funded by IOs, our marketing expense as a percent of sales is relatively low.

We focus our centralized marketing efforts primarily on digital ads, emailed "WOW! Alerts," social media, television and radio commercials, print circulars and in-store and outdoor signage. Our cost-effective marketing approach is designed to build brand awareness and communicate specific in-store "WOW!" deals to drive customer traffic. Over time, we have increased the utilization of digital advertising, allowing us to more quickly develop, deploy and target marketing communications based on our changing inventories and store-specific deals. We have over one million email subscribers in our database, most of whom receive daily and weekly "WOW! Alerts" customized to the shopper's local store. Each month we email over 20 million "WOW! Alerts," which are opened at a rate of nearly 15%.

In addition to our digital ads, we distribute print circulars to align with major holidays and other key promotional events, such as our semi-annual wine sale. We also market via television, streaming television platforms and radio to specific markets to build brand awareness and highlight the value we provide. We reinforce these efforts with in-store price and item signage as well as outdoor marketing via billboards and truck wraps.

To better communicate our value proposition and drive increased customer traffic, we recently refreshed our brand image via an updated website, modernized logo and new marketing campaign entitled “Welcome to Bargain Bliss.” In addition to a new advertising campaign, this brand refresh includes updated customer messaging to highlight the price, quality and service advantage we provide. Recently we began updating in-store signage and marketing collateral in support of the new campaign and anticipate refreshing all stores over the next several years.

IOs develop and fund their local marketing plan to drive customer engagement. IO efforts include community outreach such as partnering with food banks, sponsoring youth athletic programs and offering discounts to veterans. In addition, IOs develop and manage their own social media marketing platforms, posting creative and compelling content to reinforce our fun and value oriented image.

Competition

We compete for consumer spend with a diverse group of retailers, including mass, discount, conventional grocery, department, drug, convenience, hardware, variety, online and other specialty stores. The competitive landscape is highly fragmented and localized; however, our customers most often cite Safeway as the retailer where they also shop for consumables. We see discount retailers of consumable products, which include Walmart, WinCo, Aldi and Lidl, as competitors given their broad product offerings at low prices relative to conventional grocery stores. We compete with both conventional grocery stores and discounters by offering an ever-changing selection of name-brand products in a fun, treasure hunt shopping environment at a significant discount.

Many competitors are attempting to attract customers by offering various forms of e-commerce. While we have embraced online and digital marketing, we have thus far not pursued e-commerce. Based on our extreme value pricing and lower average ticket, we do not believe that our model lends itself to e-commerce which we think emphasizes convenience over value and fun. We have prioritized our capital and organizational investments to deliver the deepest and most compelling in-store values and experience for customers. Furthermore, we have seen no perceptible impact on sales of stores that are close to competitors that offer e-commerce solutions in the past few years.

Beyond competition for consumers, we compete against a fragmented landscape of opportunistic purchasers, including retailers (e.g., Big Lots and 99 Cents Only) and wholesalers to acquire excess merchandise for sale in our stores. Our established relationships with our suppliers along with our distribution scale, buying power, financial credibility and responsiveness often makes us the first call for available deals. Our direct relationships with suppliers have increased as we have grown, and we continuously strive to broaden our supplier network.

Business Technology

Our information systems provide a broad range of business process assistance and real-time data to support our purchasing and planning approach, merchandising team and strategy, multiple distribution center

management, store and operational insight and financial reporting. We selected and developed these technologies to provide the flexibility and functionality to support our unique buying and selling model as well as to identify and respond to merchandising and operating trends in our business. Over the last five years, we have modernized and added several systems that provide us additional functionality and scalability in order to better support operational decision-making. These investments include enhanced point of sale, warehouse management, human resource planning, business intelligence, vendor tracking and lead management, store communications, real estate lease management and financial planning and analysis systems. We believe our existing systems are scalable to support future growth.

We have also built a series of tools that empower IOs to make intelligent decisions to grow their business from improving product ordering, reducing shrink, and gaining intelligence into their store performance and profitability. We believe these investments have resulted in valuable business insights and operational improvements. We anticipate making ongoing technology investments in order to drive further productivity and functionality improvements.

Trademarks and Other Intellectual Property

We own federally registered trademarks related to our brand, including “GROCERY OUTLET BARGAIN MARKET”, “WOW!”, “NOSH” and “BARGAINS ON BRANDS YOU TRUST!” In addition, we maintain trademarks for the images of certain logos that we use, including the GROCERY OUTLET BARGAIN MARKET logo, the “NOSH” logo and the “WOW!” logo. We are also in the process of pursuing several other trademarks to further identify our services such as “BARGAIN BLISS”, “FEELS LIKE FALLING IN LOVE IN EVERY AISLE”, “THE SAVINGS ARE REAL, THE FEELING IS PURE BLISS” and “HIP HIP SYRAH.” We have disclaimed the terms “GROCERY OUTLET” and “MARKET” with respect to our “GROCERY OUTLET BARGAIN MARKET” trademarks, among other disclaimed terms with respect to our registered trademarks and trademark applications. Our trademark registrations have various expiration dates; however, assuming that the trademark registrations are properly renewed, they have a perpetual duration. We also own several domain names, including www.groceryoutlet.com and www.ownagroceryoutlet.com, and registered and unregistered copyrights in our website content. Our Operator Agreement grants our IOs a limited, non-exclusive license to use our trademarks solely in connection with the operation and promotion of their store and not in connection with other activities. IOs are not permitted to sublicense our trademarks to others. We attempt to obtain registration of our trademarks as practical and pursue infringement of those marks when appropriate. We rely on trademark and copyright laws, trade-secret protection and confidentiality, license and other agreements with our IOs, suppliers, employees and others to protect our intellectual property.

Regulation

We and our IOs are subject to regulation by various federal agencies, including the Food and Drug Administration (the “FDA”), the Federal Trade Commission (the “FTC”), the U.S. Department of Agriculture (the “USDA”) the Consumer Product Safety Commission and the Environmental Protection Agency. We and our IOs are subject to various laws and regulations, including those governing labor and employment, including minimum wage requirements, advertising, privacy, safety and environmental protection and consumer protection regulations, including those that regulate retailers and/or govern product standards, the promotion and sale of merchandise and the operation of stores and warehouse facilities. In addition, we and our IOs must comply with provisions regulating health and sanitation standards, food labeling, licensing for the sale of food and alcoholic beverages. We actively monitor changes in these laws. In addition, we and our IOs are subject to environmental laws pursuant to which we and our IOs could be strictly and jointly and severally liable for any contamination at our current or former locations, or at third-party waste disposal sites, regardless of our knowledge or responsibility for such contamination.

Food and Dietary Supplements. The FDA regulates the safety of certain food and food ingredients, as well as dietary supplements under the federal Food, Drug, and Cosmetic Act (the “FDCA”). Similarly, the

USDA's Food Safety Inspection Service ensures that the country's commercial supply of meat, poultry, catfish and certain egg products is safe, wholesome and correctly labeled and packaged.

The Food Safety Modernization Act (the "FSMA") amended the FDCA in 2011 and expanded the FDA's regulatory oversight of all supply chain participants. Most of the FDA's promulgating regulations are now in effect and mandate that risk-based preventive controls be observed by the majority of food producers. This authority applies to all domestic food facilities and, by way of imported food supplier verification requirements, to all foreign facilities that supply food products.

The FDA also exercises broad jurisdiction over the labeling and promotion of food. Under certain circumstances, this jurisdiction extends even to product-related claims and representations made on a company's website or similar printed or graphic media. All foods, including dietary supplements, must bear labeling that provides consumers with essential information with respect to standards of identity, net quantity, nutrition facts, ingredient statements and allergen disclosures. The FDA also regulates the use of structure/function claims, health claims, nutrient content claims and the disclosure of calories and other nutrient information for frequently sold items. In addition, compliance dates on various nutrition initiatives that will impact many supply chain participants, such as in relation to partially hydrogenated oils, are scheduled to go into effect through 2021.

The FDA has comprehensive authority to regulate the safety, ingredients, labeling and good manufacturing practices for dietary supplements. The Dietary Supplement Health and Education Act (the "DSHEA") amended the FDCA in 1994 and expanded the FDA's regulatory authority over dietary supplements. Through DSHEA, dietary supplements became a regulated commodity while also allowing structure/function claims on products. However, no statement on a dietary supplement may expressly or implicitly represent that it will diagnose, cure, mitigate, treat or prevent a disease.

Food and Dietary Supplement Advertising. The FTC exercises jurisdiction over the advertising of foods and dietary supplements. The FTC has the power to impose monetary sanctions, consent decrees and/or other penalties that can severely limit a company's business practices. In recent years, the FTC has instituted numerous enforcement actions against companies carrying dietary supplements for failure to have adequate substantiation for claims made in advertising or for the use of false or misleading advertising claims.

Compliance. As is common in the retail industry, we rely on our suppliers and manufacturers to ensure that the products they manufacture and sell to us comply with all applicable regulatory and legislative requirements. In general, our purchase orders require that suppliers be compliant and represent and warrant to compliance with laws and require indemnification and/or insurance from our suppliers and manufacturers. However, even with adequate insurance and indemnification, any claims of non-compliance could significantly damage our reputation and consumer confidence in products we sell. In addition, the failure of such products to comply with applicable regulatory and legislative requirements could prevent us from marketing the products or require us to recall or remove such products from our stores. In order to comply with applicable statutes and regulations, our suppliers and manufacturers have from time to time reformulated, eliminated or relabeled certain of their products.

We also source a portion of our products from outside the United States. The U.S. Foreign Corrupt Practices Act and other similar anti-bribery and anti-kickback laws and regulations generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Our policies and our supplier compliance agreements mandate compliance with applicable law, including these laws and regulations.

Insurance

We maintain third-party insurance for a number of risk management activities, including workers' compensation, general liability, commercial property, ocean marine, cyber, director and officer and employee,

property and cargo and stock related insurance policies. We evaluate our insurance requirements on an ongoing basis to ensure we maintain adequate levels of coverage. The Operator Agreement requires IOs to maintain general liability and workers' compensation insurance coverage for their operations.

Properties

As of March 30, 2019, we leased 321 of our 323 stores and all of our primary self-operated distribution centers. The remaining two stores were owned by IOs. Our initial lease terms for store locations are typically ten years with options to renew for two or three successive five-year periods. Our corporate headquarters, located in Emeryville, California, is approximately 54,000 square feet and is leased under an agreement that expires in 2023, with options to renew for 10 years. Our primary distribution centers range from approximately 100,000 square feet to approximately 400,000 square feet with leases expiring between 2021 and 2025. We have two options to renew for two successive ten-year periods on two of our distribution centers and no option to renew on the third center.

We believe that our corporate and distribution center facilities are in good operating condition and adequate to support the current needs of our business. We are continually working to identify sites to open new store locations and, as a result, the number of store properties may grow or fluctuate.

Employees

As of March 30, 2019, we employed 906 persons, 679 of whom were full-time and 227 of whom were part-time. As of March 30, 2019, 311 of our employees were based at our corporate headquarters in Emeryville, California, and our Leola, Pennsylvania office, 98 of which were classified as field employees. Our distribution centers employed 306 persons. The remaining employees were employees in our Company-operated stores. As of March 30, 2019, 116 of our employees were union employees, all of whom were employees at two Company-operated stores. We have not experienced any material interruptions of operations due to disputes with our employees and consider our relations with our employees to be very good.

Legal Proceedings

From time to time, we may be party to litigation that arises in the ordinary course of our business. Management believes that we do not have any pending litigation that, separately or in the aggregate, would have a material adverse effect on our results of operations, financial condition or cash flows.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information about our directors and executive officers as of June 10, 2019:

Name	Age	Position
Eric J. Lindberg, Jr.	48	Chief Executive Officer and Director
S. MacGregor Read, Jr.	48	Vice Chairman and Director
Robert Joseph Sheedy, Jr.	44	President
Charles C. Bracher	46	Chief Financial Officer
Pamela B. Burke	51	Chief Administrative Officer, General Counsel and Secretary
Thomas H. McMahon	58	Executive Vice President, Sales and Merchandising
Steven K. Wilson	55	Senior Vice President, Purchasing
Erik D. Ragatz	46	Director, Chairman of the Board
Kenneth W. Alterman	62	Director
Matthew B. Eisen	31	Director
Thomas F. Herman	78	Director
Norman S. Matthews	86	Director
Sameer Narang	35	Director
Jeffrey York	56	Director

Set forth below is a brief description of the business experience of the directors and executive officers. All of our officers serve at the discretion of our board of directors.

Eric J. Lindberg, Jr. has served as our Chief Executive Officer since January 2019 and as a director since January 2006. Previously, from January 2006 to December 2018, Mr. Lindberg served as our Co-Chief Executive Officer. Prior to being appointed Co-Chief Executive Officer, Mr. Lindberg served in various positions with the Company since 1996. As our Chief Executive Officer, Mr. Lindberg brings to our board of directors significant senior leadership, and his detailed knowledge of our operations, finances, strategies and industry garnered over his 23-year tenure with us makes him well qualified to serve as our Chief Executive Officer and as a member of the board of directors. Mr. Lindberg and Mr. Read are cousins by marriage.

S. MacGregor Read, Jr. has served as our Vice Chairman since January 2019 and as a director since January 2006. Previously, from January 2006 to December 2018, Mr. Read served as our Co-Chief Executive Officer. Prior to being appointed Co-Chief Executive Officer, Mr. Read served in various positions with the Company since 1996. As a member of the board of directors, Mr. Read contributes his knowledge of our operations, finances, strategies and industry garnered over his 23-year tenure with us. Mr. Read and Mr. Lindberg are cousins by marriage.

Robert Joseph Sheedy, Jr. has served as our President since January 2019. Mr. Sheedy previously served as our Chief Merchandise, Marketing & Strategy Officer from April 2017 to December 2018, our Chief Merchandise & Strategy Officer from March 2014 to April 2017 and our Vice President, Strategy from April 2012 to February 2014. Before joining us, Mr. Sheedy served in various roles at Staples Inc., an office supply company, from 2005 to 2012, most recently as their Vice President, Strategy.

Charles C. Bracher has served as our Chief Financial Officer since August 2012. Before joining us, Mr. Bracher served in various roles at Bare Escentuals, Inc., a mineral cosmetics company, from 2005 to 2012, most recently as Chief Financial Officer. Mr. Bracher began his career in the Investment Banking Division of Goldman, Sachs & Co.

Pamela B. Burke has served as our Chief Administrative Officer, General Counsel and Secretary since January 2019 and previously served as our General Counsel and Secretary from June 2015 to December 2018. Before joining us, Ms. Burke served in various management positions at CRC Health Group, Inc., a provider of specialized behavioral health services, most recently as Senior Vice President of Legal, HR and Risk from April 2010 to February 2015.

Thomas H. McMahon has served as our Executive Vice President of Sales and Merchandising since January 2017 and served as our Vice President of Sales and Merchandising from December 2008 to December 2016. Before joining us in 2008, Mr. McMahon was the Chief Executive Officer and Chief Operating Officer of T Street Incorporated, a retail specialty company.

Steven K. Wilson has served as our Senior Vice President of Purchasing since February 2018 and previously served as our Vice President of Purchasing from July 2006 to January 2018. Prior to being appointed Vice President of Purchasing, Mr. Wilson served in various positions with the Company since 1994.

Erik D. Ragatz has served as a director and as Chairman of our board of directors since October 2014. Mr. Ragatz has served as a Partner at H&F since January 2008. Mr. Ragatz currently serves on the boards of directors and audit and compensation committees of Crackle Holdings GP, LLC (d/b/a SnapAV), a manufacturer and distributor of audio/visual equipment, and Associated Materials Group, Inc., a manufacturer and distributor of exterior building products, as well as the board of directors and compensation committee of Wand TopCo Inc. (d/b/a Caliber Collision), a chain of auto body repair and paint shops, each currently private H&F portfolio companies. As a member of the board of directors, Mr. Ragatz brings his insight into the proper functioning and role of corporate boards of directors, gained through his years of service on the boards of directors of H&F's portfolio companies.

Kenneth W. Alterman has served as a director since 2011. Mr. Alterman is an Executive Adviser to Savers, Inc., a retail thrift store chain, since January 2017. He previously served as the President, Chief Executive Officer and a director of Savers, Inc. from January 2015 to January 2017 and as the Vice President and General Manager from December 2002 to December 2016. As a member of the board of directors, Mr. Alterman contributes his knowledge of the discount industry, as well as substantial experience developing corporate strategy and assessing emerging industry trends and business operations.

Matthew B. Eisen has served as a director since March 2019. Mr. Eisen has served as a Principal at H&F since July 2016 and as an Associate at H&F from July 2012 to July 2014. From June 2010 to July 2012, Mr. Eisen was an Analyst in the Media and Communications Group of Morgan Stanley & Co. LLC. Mr. Eisen currently serves on the board of directors and as a member of the audit committee of Wand TopCo Inc. (d/b/a Caliber Collision), a chain of auto body repair and paint shops and a private H&F portfolio company. As a member of the board of directors, Mr. Eisen contributes his financial and capital markets expertise and draws on his experience advising and serving on the boards of H&F's portfolio companies.

Thomas F. Herman has served as a director since 2004. Mr. Herman has been engaged in consulting since 2004. From 2003 to 2004, Mr. Herman was the president and chief operating officer of Good Guys, Inc., a consumer electronics retailer. Prior to that time, he served in various management positions, including at Oak Harbor Partners, a boutique financial services firm, Employment Law Learning Technologies, a distance learning company focused on employment law, Alamo Group, a real estate & operations business, American Copy Jewelry and the San Francisco Music Box Co. As a member of the board of directors, Mr. Herman contributes significant retail experience and financial expertise based on his years of senior executive experience as well as his prior experience serving on the boards of public companies such as Crdentia Corp. and Good Guys, Inc.

Norman S. Matthews has served as a director since October 2014. From 1978 to 1988, Mr. Matthews served in various senior management positions for Federated Department Stores, Inc., including President from 1987 to 1988. Mr. Matthews currently serves on the boards of directors and compensation committees of The

Children's Place Inc., a children's clothing store, Party City Holdco, Inc., a party goods supply store, and Spectrum Brands Holdings, Inc., a consumer products company, and previously has served as director of Henry Schein, Inc. and The Progressive Corporation. As a member of the board of directors, Mr. Matthews contributes an extensive knowledge of the retail industry and strategic marketing and sales and corporate governance practices from his years as a senior executive and member of the boards of directors of several public companies.

Sameer Narang has served as a director since October 2014. Mr. Narang joined H&F in 2010 and has served as a Partner at H&F since January 2018 and as a Director at H&F from January 2014 to December 2017. Mr. Narang currently serves as chairman of the board of directors and a member of the compensation committee of Arrow Holding Corp. (d/b/a Applied Systems, Inc.), a provider of cloud-based insurance software and a private H&F portfolio company. As a member of the board of directors, Mr. Narang contributes his knowledge of corporate governance gained through his years of service on the boards of directors of H&F's portfolio companies.

Jeffrey York has served as a director since November 2010. Mr. York has served as Co-Chief Executive Officer and President of Farm Boy Inc., a grocery retailer, since November 2009. Mr. York currently serves as a member of the boards of directors and audit committees of Focus Graphite, an advanced exploration and mining company, Braille Energy Systems, Inc., a manufacturer of race car batteries and other energy storage devices and Stria Lithium, a lithium mining exploration company. As a member of the board of directors, Mr. York contributes an extensive knowledge of the grocery industry and corporate governance based on his experience as a senior executive and serving on public company boards of directors.

Board of Directors

Our business and affairs are managed under the direction of our board of directors. Our board of directors currently consists of nine directors. Following the completion of this offering, we expect our board of directors to initially consist of nine directors.

Our amended and restated certificate of incorporation will provide that, subject to the right of holders of any series of preferred stock, our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors serving staggered three-year terms, with only one class of directors being elected at each annual meeting of stockholders. As a result, approximately one-third of our board of directors will be elected each year. We expect that, following this offering, our initial Class I directors will be Messrs. Ragatz, Herman and Alterman (with their terms expiring at the annual meeting of stockholders to be held in 2020), our initial Class II directors will be Messrs. Read, Narang and York (with their terms expiring at the annual meeting of stockholders to be held in 2021) and our initial Class III directors will be Messrs. Lindberg, Matthews and Eisen (with their terms expiring at the annual meeting of stockholders to be held in 2022).

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the board of directors; however, if at any time the H&F Investor owns at least 40% in voting power of the stock of our Company entitled to vote generally in the election of directors, the stockholders may also fix the number of directors pursuant to a resolution adopted by the stockholders. Subject to certain exceptions described below with respect to the amended and restated stockholders agreement we intend to enter into, newly created director positions resulting from an increase in size of the board of directors and vacancies may be filled by our board of directors or our stockholders; provided, however, that at any time with the H&F Investor beneficially owns less than 40% in voting power of the stock of our company entitled to vote generally in the election of directors, such vacancies shall be filled by our board of directors (and not by the stockholders).

Our amended and restated stockholders agreement will provide that following the completion of this offering, the H&F Investor will have the right to nominate to our board of directors (such persons, the "H&F

nominees") a number of nominees equal to: (x) the total number of directors comprising our board of directors at such time, *multiplied* by (y) the percentage of our outstanding common stock held from time to time by the H&F Investor. For purposes of calculating the number of directors that the H&F Investor will be entitled to nominate, any fractional amounts are rounded up to the nearest whole number. In addition, following this offering, the Executive Stockholders (as defined in the stockholders agreement) and the Read Trust Rollover Stockholders (as defined in the stockholders agreement), trusts controlled by Mr. Lindberg, Mr. Read or members of their immediate family, acting together by majority vote, will have the right to nominate one person (such person, the "Executive nominee") to our board of directors for so long as such stockholders collectively own at least 5% of our outstanding shares of common stock. The amended and restated stockholders agreement will also provide that our Chief Executive Officer will be nominated to our board of directors. For so long as we have a classified board, the H&F nominees will be divided by the H&F Investor as evenly as possible among the classes of directors. The Executive nominee will initially be a Class II director and the Chief Executive Officer will initially be a Class III director.

Pursuant to the amended and restated stockholders agreement, we will include the H&F nominees, the Executive nominee and the Chief Executive Officer nominee on the slate that is included in our proxy statements relating to the election of directors of the class to which such persons belong and provide the highest level of support for the election of each such persons as we provide to any other individual standing for election as a director. In addition, each stockholder party to the amended and restated stockholders agreement will agree to vote in favor of the Company slate that is included in our proxy.

In the event that an H&F nominee or the Executive nominee ceases to serve as a director for any reason (other than the failure of our stockholders to elect such individual as a director), the persons entitled to designate such nominee director under the amended and restated stockholders agreement will be entitled to appoint another nominee to fill the resulting vacancy.

Background and Experience of Directors

When considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focused primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business. Once appointed, directors serve until they resign or are terminated by the stockholders.

Role of Board of Directors in Risk Oversight

The board of directors has extensive involvement in the oversight of risk management related to us and our business and accomplishes this oversight through the regular reporting by the Audit and Risk Management Committee. The Audit and Risk Management Committee represents the board of directors by periodically reviewing our accounting, reporting and financial practices, including the integrity of our financial statements, the surveillance of administrative and financial controls and our compliance with legal and regulatory requirements. Through its regular meetings with management, including the finance, legal and internal audit functions, the Audit and Risk Management Committee reviews and discusses all significant areas of our business and summarizes for the board of directors all areas of risk and the appropriate mitigating factors. In addition, our board of directors receives periodic detailed operating performance reviews from management.

Controlled Company Exception

After the completion of this offering, the H&F Investor and the other parties to our stockholders agreement will continue to beneficially own more than 50% of our common stock and voting power. As a result, (a) under certain provisions of our amended and restated bylaws which will be in effect upon the closing of this

offering, the H&F Investor and these other parties to our stockholders agreement will be entitled to nominate at least a majority of the total number of directors comprising our board of directors and (b) we will be a "controlled company" as that term is set forth in Section 5615(c)(1) of the Nasdaq Marketplace Rules. Under the Nasdaq corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance standards, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and (3) the requirement that our director nominations be made, or recommended to our full board of directors, by our independent directors or by a nominations committee that consists entirely of independent directors and that we adopt a written charter or board resolution addressing the nominations process. Following this offering, we intend to utilize these exemptions. As a result, following this offering, we will not be obligated to maintain a majority of independent directors on our board of directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance requirements. In the event that we cease to be a "controlled company," we will be required to comply with these provisions within the transition periods specified in the Nasdaq corporate governance rules.

Committees of the Board of Directors

After the completion of this offering, the standing committees of our board of directors will consist of an Audit and Risk Management Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Our chief executive officer, president and other executive officers will regularly report to the non-executive directors and the Audit and Risk Management, the Compensation and the Nominating and Corporate Governance Committees to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. The internal audit function will report functionally and administratively to our chief financial officer and directly to the Audit and Risk Management Committee. We believe that the leadership structure of our board of directors provides appropriate risk oversight of our activities given the controlling interests held by the H&F Investor.

Audit and Risk Management Committee

The members of our current Audit and Risk Management Committee are Messrs. Herman, Narang and Ragatz. Upon the completion of this offering, we expect to have an Audit and Risk Management Committee, consisting of Messrs. Herman, York and Eisen. Messrs. Herman, York and Eisen all qualify as independent directors under the Nasdaq corporate governance standards, and Messrs. Herman and York qualify as independent directors under the independence requirements of Rule 10A-3 of the Exchange Act. Our board of directors has determined that each of Messrs. Herman, York and Eisen qualify as an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K.

The purpose of the Audit and Risk Management Committee will be to prepare the audit committee report required by the SEC to be included in our proxy statement and to assist our board of directors in overseeing and monitoring (1) the quality and integrity of our financial statements, (2) our compliance with legal and regulatory requirements, (3) our independent registered public accounting firm's qualifications and independence, (4) the performance of our internal audit function and (5) the performance of our independent registered public accounting firm.

Our board of directors will adopt a written charter for the Audit and Risk Management Committee, which will be available on our website upon the completion of this offering.

Compensation Committee Interlocks and Insider Participation

Compensation decisions are made by our Compensation Committee. None of our current or former executive officers or employees currently serves, or has served during our last completed fiscal year, as a member of our Compensation Committee and, during that period, none of our executive officers served as a member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served as a member of our board of directors.

We have entered into certain indemnification agreements with our directors and are party to certain transactions with the H&F Investor described in "Certain Relationships and Related Party Transactions—Indemnification of Directors and Officers" and "—Stockholders Agreement," respectively.

Compensation Committee

The members of our current Compensation Committee are Messrs. Alterman, Narang, Matthews and Ragatz. Upon the completion of this offering, we expect to have a Compensation Committee, consisting of Messrs. Alterman, Narang, Matthews and Ragatz.

The purpose of the Compensation Committee will be to assist our board of directors in discharging its responsibilities relating to, among other things, (1) setting our compensation program and compensation of our executive officers and directors, (2) monitoring our incentive and equity-based compensation plans and (3) preparing the compensation committee report required to be included in our proxy statement under the rules and regulations of the SEC.

Our board of directors will adopt a written charter for the Compensation Committee, which will be available on our website upon the completion of this offering.

Nominating and Corporate Governance Committee

Upon the completion of this offering, we expect to have a Nominating and Corporate Governance Committee, consisting of Messrs. Ragatz, Narang and Eisen. The purpose of our Nominating and Corporate Governance Committee will be to assist our board of directors in discharging its responsibilities relating to (1) identifying individuals qualified to become new board members, consistent with criteria approved by the board of directors, (2) reviewing the qualifications of incumbent directors to determine whether to recommend them for reelection and selecting, or recommending that the board of directors select, the director nominees for the next annual meeting of stockholders, (3) identifying board members qualified to fill vacancies on any board of directors committee and recommending that the board of directors appoint the identified member or members to the applicable committee, (4) reviewing and recommending to the board of directors corporate governance principles applicable to us, (5) overseeing the evaluation of the board of directors and management and (6) handling such other matters that are specifically delegated to the committee by the board of directors from time to time.

Our board of directors will adopt a written charter for the Nominating and Corporate Governance Committee, which will be available on our website upon completion of this offering.

Director Independence

Pursuant to the corporate governance listing standards of Nasdaq, a director employed by us cannot be deemed to be an "independent director." Each other director will qualify as "independent" only if our board of directors affirmatively determines that he has no material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us. Ownership of a significant amount of our stock, by itself, does not constitute a material relationship.

Our board of directors is expected to affirmatively determine prior to this offering which members are "independent" in accordance with the Nasdaq rules.

Code of Business Conduct and Ethics

Prior to the consummation of this offering, we will adopt a Code of Business Conduct and Ethics (the "Code of Ethics") applicable to all employees, executive officers and directors that addresses legal and ethical issues that may be encountered in carrying out their duties and responsibilities, including the requirement to report any conduct they believe to be a violation of the Code of Ethics. The Code of Ethics will be available on the Corporate Governance page of our website, www.groceryoutlet.com. The information available on or through our website is not part of this prospectus. If we ever were to amend or waive any provision of our Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or any person performing similar functions, we intend to satisfy our disclosure obligations with respect to any such waiver or amendment by posting such information on our internet website set forth above rather than by filing a Form 8-K.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each material element of compensation for the fiscal year ended December 29, 2018 that we provided to each person who served as our principal executive officer or principal financial officer during 2018 and our three most highly compensated executive officers employed at the end of 2018 other than those persons, all of whom we refer to collectively as our Named Executive Officers.

Our Named Executive Officers for the fiscal year ended December 29, 2018 were as follows:

- Eric J. Lindberg, Jr., *Chief Executive Officer, Former Co-Chief Executive Officer**
- S. MacGregor Read, Jr., *Vice Chairman, Former Co-Chief Executive Officer***
- Charles C. Bracher, *Chief Financial Officer*
- Robert Joseph Sheedy, Jr., *President, Former Chief Merchandise, Marketing & Strategy Officer****
- Thomas H. McMahon, *Executive Vice President, Sales & Merchandising*
- Steven K. Wilson, *Senior Vice President, Purchasing*

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* Mr. Lindberg has served as our Chief Executive Officer since January 2019 and previously served as our Co-Chief Executive Officer from January 2006 to December 2018.

** Mr. Read has served as our Vice Chairman since January 2019 and previously served as our Co-Chief Executive Officer from January 2006 to December 2018.

*** Mr. Sheedy has served as our President since January 2019 and previously served as our Chief Merchandise, Marketing & Strategy Officer from April 2017 to December 2018.

The Compensation Committee is responsible for establishing, implementing and evaluating our employee compensation and benefit programs. The Compensation Committee periodically reviews and makes recommendations to the board of directors with respect to the adoption of, or amendments to, all equity-based incentive compensation plans for employees, and cash-based incentive plans for executive officers, and evaluates whether the relationship between the incentives associated with these plans and the level of risk-taking by executive officers in response to such incentives is reasonably likely to have a material adverse effect on us. The Compensation Committee annually evaluates the performance of our executive officers, establishes the annual salaries and annual cash incentive awards for our executive officers and approves all equity awards. The Compensation Committee's objective is to ensure that the total compensation paid to the Named Executive Officers as well as our other senior officers is fair, reasonable and competitive. Generally, the types of compensation and benefits provided to our Named Executive Officers are similar to those provided to other senior members of our management team.

Executive Compensation Objectives and Philosophy

The goal of our executive compensation program is to create long-term value for our investors while at the same time rewarding our executives for superior financial and operating performance and encouraging them

to remain with us for long, productive careers. We believe the most effective way to achieve this objective is to design an executive compensation program rewarding the achievement of specific annual, long-term and strategic goals and aligning executives' interests with those of our investors by further rewarding performance above established goals. We use this philosophy as the foundation for evaluating and improving the effectiveness of our executive pay program. The following are the core elements of our executive compensation philosophy:

- Market Competitive: Compensation levels and programs for executives, including the Named Executive Officers, should be competitive relative to the marketplace in which we operate. It is important for us to leverage an understanding of what constitutes competitive pay in our market and build unique strategies to attract the high caliber talent we require to manage and grow our Company;

- Performance-Based: Most executive compensation should be performance-based pay that is "at risk," based on short-term and long-term goals, which reward both organizational and individual performance;

- Investor Aligned: Incentives should be structured to create a strong alignment between executives and investors on both a short-term and a long-term basis; and

- Financially Efficient: Pay programs and features should attempt to minimize the impact on our earnings and maximize our tax benefits, all other things being equal.

By incorporating these elements, we believe our executive compensation program is responsive to our investors' objectives and effective in attracting, motivating and retaining the level of talent necessary to grow and manage our business successfully.

Process for Determining Compensation

In 2018, the Compensation Committee reviewed the performance of our Co-Chief Executive Officers. The Compensation Committee tries to ensure that a substantial portion of the Co-Chief Executive Officer's compensation is directly linked to individual performance and the performance of our business. As discussed under "—Employment Agreements with Named Executive Officers—Chief Executive Officer Employment Agreements," we entered into an employment agreement with each of our then Co-Chief Executive Officers, which addresses certain elements of their compensation and benefit packages.

In determining the compensation of each of our Named Executive Officers (other than the Co-Chief Executive Officer), the Compensation Committee seeks the input of the Co-Chief Executive Officers. At the end of each year, the Co-Chief Executive Officer reviews a self-assessment prepared by each Named Executive Officer and assesses the Named Executive Officer's performance against the business unit (or area of responsibility) and individual goals and objectives. The Co-Chief Executive Officers then reviewed their assessments and, in that context, the Compensation Committee reviewed the compensation for each Named Executive Officer.

Relationship of Compensation Practices to Risk Management

We have reviewed and considered our compensation plans and practices for all our employees and do not believe that our compensation policies and practices create risks that are reasonably likely to have a material adverse effect on us. We utilize many design features that mitigate the possibility of encouraging excessive risk taking behavior. Among these design features are:

- reasonable goals and objectives that are well-defined and communicated; and

- balance of short- and long-term variable compensation tied to a mix of financial and operational objectives.

Considerations in Setting 2018 Compensation

The 2018 compensation of our Named Executive Officers was based on company-wide operating results and the extent to which individual performance objectives were met. The Compensation Committee believes that the total 2018 compensation opportunity for our Named Executive Officers was competitive while at the same time being responsible to our investors because a significant percentage of total compensation in 2018 was allocated to variable compensation, paid only upon achievement of both individual and Company performance objectives.

The following is a summary of key considerations that affected the development of 2018 compensation targets and 2018 compensation decisions for our Named Executive Officers (and which the Compensation Committee believes will continue to affect its compensation decisions in future years):

Use of Market Data. We establish target compensation levels that are consistent with market practice and internal equity considerations (including position, responsibility and contribution) relative to base salaries, annual bonuses and long-term equity compensation, as well as the appropriate pay mix for a particular position. In order to gauge the competitiveness of its compensation programs, we may also review compensation practices and pay opportunities from retail and grocery industry survey data. We attempt to position ourselves to attract and retain qualified senior executives in the face of competitive pressures in its relevant labor markets.

Emphasis on Performance. Our compensation program provides increased pay opportunity correlated with superior performance over the long term. When evaluating base salary, individual performance is the primary driver that determines the Named Executive Officer's annual increase, if any. In our Annual Incentive Plan (the "AIP"), performance metrics are key drivers in determining the Named Executive Officer's non-equity incentive award. Of the outstanding unvested options granted under our 2014 Stock Plan currently held by our Named Executive Officers, approximately 50% are performance-based.

The Importance of Organizational Results. The AIP uses the achievement of specific organizational metrics in determining approximately 50% to 100% of the Named Executive Officers' target annual cash incentive award to hold the Named Executive Officers accountable for both the results of their organization and overall company results. The AIP was designed to emphasize and reward the Named Executive Officers for corporate performance. The vesting of long-term performance-vesting stock options granted under our 2014 Stock Plan are also dependent on us achieving overall corporate financial goals.

Following this offering, the Compensation Committee anticipates that it will retain an independent compensation consultant who will provide the Compensation Committee with input and guidance on all components of our executive compensation program and will advise the Compensation Committee with respect to market data for base salary, annual bonus and long-term equity compensation for similarly situated executives in our peer group.

Elements of 2018 Compensation Program

There are three key components of our executive compensation program for our Named Executive Officers:

- base salary;
- annual incentive bonus pursuant to the AIP; and
- long-term equity incentive compensation in the form of both time and performance vesting stock options pursuant to the 2014 Stock Plan.

In addition to these key compensation elements, the Named Executive Officers are provided certain other compensation. See "—Other Compensation."

We believe that offering each of the components of our executive compensation program is necessary to remain competitive in attracting and retaining talented executives. Furthermore, the annual incentive bonus and long-term equity incentive compensation align the executive's goals with those of the organization and our stockholders. Collectively, these components are designed to reward and influence the executive's individual performance and our short-term and long-term performance. Base salaries and annual incentive bonuses are designed to reward executives for their performance and our short-term performance. We believe that providing long-term incentive compensation in the form of stock options ensures that our executives have a continuing stake in our long-term success and have incentives to increase our equity value. Total compensation for each Named Executive Officer is reviewed annually to ensure that the proportions of the executive's short-term incentives and long-term incentives are properly balanced.

The components of incentive compensation (the annual incentive bonus and equity awards) are significantly "at risk," as the degree to which the annual incentive bonuses are paid and the performance vesting and the intrinsic value of the equity awards all depend on the extent to which certain of our operating and financial goals are achieved. When reviewing compensation levels, each component of compensation is reviewed independently, and the total pay package is reviewed in the aggregate. However, the Compensation Committee believes that an important component of aligning the interests of investors and executives is to place a strong emphasis on "at risk" compensation linked to overall Company performance. In 2018, approximately 50% of the compensation for Messrs. Lindberg and Read was "at risk." See "—Long-Term Equity Incentive Compensation—Grants of Time Options and Performance Options to Named Executive Officers" for a discussion relating to long-term incentive compensation.

Base Salary

We pay our Named Executive Officers base salaries to compensate them for services rendered each year. Base salary is a regular, cash payment, the amount of which is based on position, experience and performance after considering the following primary factors: internal review of the executive's compensation and the Compensation Committee's assessment of the executive's individual prior performance. Salary levels are typically considered annually as part of our performance review process but can be adjusted in connection with a promotion or other change in job responsibility. Merit-based increases to salaries of the Named Executive Officers are determined each December by the Compensation Committee after an assessment of the performance of each executive for that fiscal year. Each of the Named Executive Officers received a 3.0% salary increase from 2017 to 2018, except for Mr. Sheedy who received a salary increase of 11.9% as a reward for exceptional employee performance**.**

The salary increases for the Named Executive Officers from 2017 to 2018 were:

	Salary as of January 8, 2017 ($)	Salary Increase from 2017 to 2018 (%) (1)	Salary as of January 7, 2018 ($)
Eric J. Lindberg, Jr.	550,756	3.0	567,279
S. MacGregor Read, Jr.	550,756	3.0	567,279
Charles C. Bracher	492,692	3.0	507,473
Robert Joseph Sheedy, Jr.	424,360	11.9	475,000
Thomas H. McMahon	337,652	3.0	347,783
Steven K. Wilson	305,000	3.0	314,150

(1) Salary increases effective January 7, 2018.

Annual Cash Incentive Compensation

In addition to receiving base salaries, the Named Executive Officers and other participants are eligible to receive an annual incentive bonus pursuant to the AIP each year. Our AIP is an annual cash incentive program designed to create a link between executive compensation and performance of the participants and us. The AIP provides metrics for the calculation of annual incentive-based cash compensation after assessing the executive's performance against pre-determined quantitative and qualitative measures within the context of our overall performance. For each fiscal year, the executives' annual incentive bonuses are determined as a percentage of their base salaries, based on the achievement of the applicable Company-wide and individual goals on a sliding scale. In order to receive a payment under the AIP, a participant must be actively employed by the Company and in good standing at the time of payment, and sign a form of confidentiality and at-will employment acknowledgement.

2018 Annual Incentive Plan

Under the AIP, the Compensation Committee establishes Company-wide financial performance objectives each fiscal year, which serve as the basis for determining the amount of bonuses to be paid under the program. Pursuant to the AIP established with respect to fiscal year 2018 (the "2018 AIP"), the following core corporate performance measures were used to calculate the annual bonus pool: (i) "FY18 Bonus EBITDA," which is 2018 EBITDA excluding new store pre-opening expenses and Grocery Outlet Holding Corp. Delaware taxes (with an annual target goal of $152.1 million); (ii) 12 month comparable store sales growth (with an annual target goal of 4.50% over the prior year); and (iii) new store sales for 2017 and 2018 vintage stores (with an annual target goal of $230.9 million). Each of our Co-Chief Executive Officers and Mr. Wilson were also given department-specific goals, as follows: (i) Mr. Wilson had a department goal of buyer controlled gross margin dollars (with an annual target goal of $673.9 million); (ii) Mr. Lindberg had a department goal of Southern California (excluding the San Diego region) store sales (with an annual target goal of $169.9 million); and (iii) Mr. Read had a department goal of new store sites approved in 2018 for opening in 2019 (with an annual target goal of 44 sites to be approved with an average of 26 weeks of net sales).

For fiscal year 2018, the percentage of target achievement for each performance measure described above was as follows: (i) FY18 Bonus EBITDA: 100.1%, resulting in a payout of 100.47%; (ii) 12 month comparable store sales growth: 83.4%, resulting in a payout of 83.4%; (iii) new store sales for 2017 and 2018 vintage stores: 106%, resulting in a payout of 129.8%; and (iv) department-specific goals, as follows: buyer controlled gross margin dollars: 99.1%, resulting in a payout of 80.2%, Southern California (excluding the San Diego region) store sales: 94.5% achievement resulting in a payout of 0%, and new store sites approved: 35 approved sites with an average of 23 weeks of net sales resulting in a payout of 0%.

AIP payouts for attainment of FY18 Bonus EBITDA, comparable store sales and new store sales scale independently above 100% attainment of the respective target opportunity, subject to minimum FY18 Bonus EBITDA achievement of 95% of target. Metric scaling continues ratably and is not capped. All department metrics have the opportunity to pay out above 100%, provided that payouts above 100% are the lesser of (i) EBITDA payout and (ii) department metric payout when both are above 100%.

Under the 2018 AIP, subject to the minimum achievement of a 3% year to date FY18 Bonus EBITDA growth from the prior fiscal year, we made interim quarterly payments under the AIP based on FY18 Bonus EBITDA and comparable store sales metrics, and 25% of the calculated quarterly payout were retained to be paid at year-end. The new store sales and department and geographic specific goals were annual metrics with annual payout. In 2018, we exceeded the minimum 3% year-to-date FY18 Bonus EBITDA growth from 2017 for all four quarters, and accordingly, quarterly bonus payments were made each quarter. The new store sales and department specific goals were annual metrics with annual payout.

When establishing the foregoing performance targets, the Compensation Committee set targets that it believed (i) were challenging to achieve and reasonable, and (ii) fairly incentivized AIP participants. By setting the foregoing targets, the Compensation Committee established what it believed were stretch goals that would incentivize and reward exceptional employee performance without any guarantee that the Company would meet or exceed any such metrics in the prevailing business environment.

Actual annual cash incentive awards are calculated by multiplying each Named Executive Officer's actual base salary at fiscal year-end by his target award potential, which is then adjusted by an overall achievement factor based on the combined weighted achievement of the performance measures. The following table summarizes the fiscal 2018 annual incentive awards earned based on actual performance, as compared to the target opportunity, for each of the Named Executive Officers:

	2018 Base Salary ($)	Target Bonus (%)	Target Bonus Amount ($)	Overall Achievement Factor (%)	Actual Bonus Achieved ($)
Eric J. Lindberg, Jr.	567,279	100	567,279	77.6	440,042
S. MacGregor Read, Jr.	567,279	100	567,279	77.6	440,042
Charles C. Bracher	507,473	50	253,737	103.6	262,747
Robert Joseph Sheedy, Jr.	475,000	50	237,500	103.6	245,934
Thomas H. McMahon	347,783	50	173,891	103.6	180,066
Steven K. Wilson	314,150	50	157,075	85.6	134,372

2019 Annual Incentive Plan

In February 2019, our board of directors adopted the 2019 Annual Incentive Plan. Pursuant to the 2019 AIP, the Compensation Committee will determine the performance goals for the 2019 fiscal year. The bonus amount is calculated based on a percentage of the participant's base salary. Achievement of performance goals, which will determine the amount, if any, earned under the 2019 AIP, is determined by the Compensation Committee in its sole discretion. The bonus amount actually earned will be in the sole and exclusive discretion of the Compensation Committee based on the application of the performance goals for the 2019 fiscal year.

The bonus amount is payable in a lump sum cash amount (or, at the discretion of the Compensation Committee, in shares of our stock), and the payment with respect to any bonus amount under the 2019 AIP is subject to a participant's continued employment through the payment date. To the extent a participant's employment with us is terminated for any reason prior to the payment date, such participant shall have no rights with respect to any bonus amount or other payment or award under the 2019 AIP.

Long-Term Equity Incentive Compensation

In addition to base salary and cash bonus compensation, each of our Named Executive Officers is provided long-term equity incentive compensation. The use of long-term equity incentives creates a link between executive compensation and our long-term performance, thereby creating alignment between executive and investor interests. In 2014, our board of directors and our stockholders approved the 2014 Stock Plan, which provides the flexibility to grant a variety of long-term equity incentive awards, including stock options, stock appreciation rights and other stock-based awards.

As of December 29, 2018, only stock options to purchase shares of our common stock have been granted to the Named Executive Officers under the 2014 Stock Plan. In connection with the adoption of the 2014 Stock Plan, the Compensation Committee made stock option grants to the Named Executive Officers that were intended to provide five years of long-term incentive on an up-front basis. Equity awards granted to the Named Executive Officers under the 2014 Stock Plan were determined based on market competitiveness, criticality of position and individual performance (both historical and expected future performance). Historically, stock options have been, and we expect they will continue to be, a core element of long-term incentive opportunity for

our Named Executive Officers. The Compensation Committee believes that the best way to align compensation of our Named Executive Officers with long-term growth and profitability is to design long-term incentive compensation that is, to a great degree, dependent on Company performance.

The Compensation Committee did not make any equity grants to any Named Executive Officer during the 2018 fiscal year. For more information regarding the 2014 Stock Plan, see "—Stock Incentive Plans—2014 Stock Incentive Plan."

The following is a description of stock options granted to our Named Executive Officers since 2014.

Time Option Agreement

Each of the Named Executive Officers were granted time-vesting stock options (the "Time Options") pursuant to our standard form of time-vesting stock option award agreement (the "Time Option Agreement") under the 2014 Stock Plan. Each of Messrs. Lindberg and Read entered into an Amended and Restated Time Option (the "A&R Time Option Agreement") with substantially similar terms to the Time Option Agreement, except as provided below.

As provided in the A&R Time Option Agreement and Time Option Agreement, 20% of the shares subject to the Time Option vest and become exercisable on each of the first five anniversaries of the date of grant, subject to the executive's continued employment with us on each applicable vesting date. If a change in control (as defined in the 2014 Stock Plan) occurs during the executive's employment, the Time Option will become fully vested and exercisable immediately prior to the effective time of such change in control.

The executive may exercise all or any part of the vested portion of the Time Option at any time prior to the earliest to occur of: (i) the tenth anniversary of the grant date of the Time Option; (ii) the date on which the executive's employment is terminated by us or any of its affiliates for cause or the date on which the executive breaches any restrictive covenant agreement between the executive and us or any of our affiliates; (iii) the one-year anniversary of the date of the executive's termination of employment due to death or disability; or (iv) the 90th day following the date of the executive's termination of employment for any reason other than by us or any if our affiliates for cause or due to death or disability.

Performance Option Agreement

Each of the Named Executive Officers were granted performance-vesting stock options (the "Performance Options") pursuant to our standard form of performance-vesting stock option award agreement (the "Performance Option Agreement") under the 2014 Stock Plan. Each of Messrs. Lindberg and Read entered into an Amended and Restated Performance Option (the "A&R Performance Option Agreement") with substantially similar terms to the Performance Option Agreement, except as provided below.

As provided in the A&R Performance Option Agreement and Performance Option Agreement, the shares subject to the Performance Option vest and become exercisable on each "measurement date" (generally defined as the date on which the H&F Investor receives proceeds prior to the occurrence of a change in control (as defined in the 2014 Stock Plan) or the "final measurement date") as follows:

(i) 0% if the internal rate of return ("IRR") is less than 20%;

(ii) 50% if the IRR is 20%;

(iii) 50-100%, using linear interpolation, if the IRR is between 20% and 30%; and

(iv) 100% if the IRR is greater than or equal to 30%.

Upon the occurrence of the "final measurement date" (generally defined as a change in control or in the case of an initial public offering at such time that the H&F Investor holds less than 10% of our issued and outstanding common stock for a period of 30 consecutive trading days), the IRR will be measured for the final time and any portion of the Performance Option that does not vest at such time will be forfeited without consideration to the executive.

The executive may exercise all or any part of the vested portion of the Performance Option at any time prior to the earliest to occur of: (i) the tenth anniversary of the grant date of the Performance Option; (ii) the date on which the executive's employment is terminated by us or any of our affiliates for cause or the date on which the executive breaches any restrictive covenant agreement between the executive and us or any of our affiliates; (iii) the one-year anniversary of the date of the executive's termination of employment due to death or disability; or (iv) the 90th day following the date of the executive's termination of employment for any reason other than by us or any of our affiliates for cause or due to death or disability.

The A&R Performance Option Agreement and Performance Option Agreement each provide that no portion of the Performance Option will vest and become exercisable as to any additional shares following the termination of the executive's employment with us for any reason, and the portion of the Performance Option that is unvested and unexercisable as of the date of such termination will immediately expire without consideration or payment therefor.

The A&R Performance Option Agreement, in contrast to the Performance Option Agreement, provides that in the event that the Performance Option has not become vested on or prior to the date of the executive's "qualifying termination" (generally defined as termination by us without cause, by the executive for good reason, or due to the executive's death or disability), then the Performance Option will remain outstanding and eligible to vest during the "tail period" (generally defined as the six month period following an executive's qualifying termination, or if shorter, the period from the date of a qualifying termination until the tenth anniversary of the grant date) in the event that a greater IRR performance-vesting hurdle is achieved in connection with any measurement date that occurs within such tail period, and the Performance Option will remain exercisable following any vesting date that occurs during the tail period for the same duration as if the executive's employment terminated on such vesting date (pursuant to the post-termination exercise period provisions described above). If no greater IRR performance-vesting hurdle is achieved during such tail period, the Performance Option will terminate as of the end of the tail period.

Restrictive Covenants in Option Agreements

Each of the A&R Time Option Agreement, Time Option Agreement, A&R Performance Option Agreement and Performance Option Agreement contain the following restrictive covenants: (i) non-competition during the executive's employment period; (ii) nondisclosure of confidential information for an unlimited duration; and (iii) non-solicitation of customers and non-solicitation of employees during the executive's employment period and the one-year period following the executive's termination of employment. The Time Option Agreement and Performance Option Agreement also each contain a non-disparagement covenant for the period until the option is fully exercised or otherwise expires.

Grants of Time Options and Performance Options to Named Executive Officers

On October 21, 2014, the Company granted each of Messrs. Lindberg and Read (i) a Time Option to purchase 1,357,614 shares of the Company's common stock, at an exercise price of $7.13, pursuant to the A&R Time Option Agreement, and (ii) a Performance Option to purchase 1,357,614 shares of the Company's common stock, at an exercise price of $7.13 (which exercise price was adjusted in connection with the 2016 Dividend and 2018 Dividend and is currently $3.81), pursuant to the A&R Performance Option Agreement.

On November 25, 2014, the Company granted each of Messrs. Bracher and Sheedy (i) a Time Option to purchase 362,031 shares of the Company's common stock, at an exercise price of $7.13, pursuant to the Time Option Agreement, and (ii) a Performance Option to purchase 362,030 shares of the Company's common stock, at an exercise price of $7.13 (which exercise price was adjusted in connection with the 2016 Dividend and 2018 Dividend and is currently $3.81), pursuant to the Performance Option Agreement.

On November 25, 2014, the Company granted each of Messrs. McMahon and Wilson (i) a Time Option to purchase 241,352 shares of the Company's common stock, at an exercise price of $7.13, pursuant to the Time Option Agreement, and (ii) a Performance Option to purchase 241,353 shares of the Company's common stock, at an exercise price of $7.13 (which exercise price was adjusted in connection with the 2016 Dividend and 2018 Dividend and is currently $3.81), pursuant to the Performance Option Agreement.

2016 and 2018 Dividends on Options

We declared cash dividends in respect of our outstanding common stock in June 2016 and October 2018.

In June 2016, our board of directors declared a cash dividend of $1.23 per share of our outstanding common stock (the "2016 Dividend") in connection with the 2016 Recapitalization. Pursuant to the terms of the 2014 Stock Plan, our board of directors was required to make an equitable adjustment to all outstanding options in connection with the payment of the extraordinary dividend.

In connection with the 2016 Dividend, we treated the Time Options and Performance Options held by each of Messrs. Lindberg, Read, Bracher, Sheedy, McMahon and Wilson as follows:

- With respect to vested Time Options, the Named Executive Officer received a lump-sum cash payment in an amount equal to the number of shares underlying the vested Time Option multiplied by the 2016 Dividend amount, less applicable tax withholdings, paid in June 2016.

- With respect to unvested Time Options, the Named Executive Officer received a right to cash payment in an amount equal to the number of shares underlying the unvested Time Option multiplied by the 2016 Dividend amount, to be paid in part upon each vesting date under the Time Option (provided that the executive satisfied the vesting conditions applicable to the unvested Time Option, for such vesting date).

- We reduced the per share exercise prices of any outstanding unvested Performance Options held by Named Executive Officers, by the per share 2016 Dividend amount.

In October 2018, our board of directors declared a cash dividend of $2.10 per share of the company's outstanding common stock (the "2018 Dividend") in connection with the 2018 Recapitalization.

In connection with the 2018 Dividend, we treated the Time Options and Performance Options held by each of Messrs. Lindberg, Read, Bracher, Sheedy, McMahon and Wilson as follows:

- With respect to vested Time Options, the Named Executive Officer received a lump-sum cash payment in an amount equal to the number of shares underlying the vested Time Option multiplied by the 2018 Dividend amount, less applicable tax withholdings, paid on October 26, 2018.

- With respect to unvested Time Options, the Named Executive Officer received a right to cash payment in an amount equal to the number of shares underlying the unvested Time Option multiplied by the 2018 Dividend amount, to be paid in part upon each vesting date under the Time Option (provided that the executive satisfied the vesting conditions applicable to the unvested Time Option, for such vesting date).

- We reduced the per share exercise prices of any outstanding unvested Performance Options held by Named Executive Officers, by the per share 2018 Dividend amount.

For information on the amounts of dividend equivalent payments made in 2018 in connection with the vesting of Time Options held by the Named Executive Officers, please see the "All Other Compensation" column of the Summary Compensation Table.

Stock Incentive Plans

2014 Stock Plan

The 2014 Stock Incentive Plan (the "2014 Stock Plan") became effective on October 21, 2014. Under the 2014 Stock Plan, we granted stock options to purchase shares of our common stock. The 2014 Stock Plan will be terminated effective as of the consummation of this offering. Following this offering, it is not expected that any equity awards will be issued under the 2014 Stock Plan.

Purpose

The principal purpose of the 2014 Stock Plan was (i) to aid us and our affiliates in recruiting and retaining employees, directors and other service providers of outstanding ability, (ii) to motivate such persons to exert their best efforts on behalf of us and our affiliates by providing incentives through the granting of equity awards and (iii) to align the interest of such persons with those of us and our affiliates.

Administration

Our Compensation Committee administered the 2014 Stock Plan and had the discretion and authority to designate grantees of awards and make all decisions and determinations on matters relating to the 2014 Stock Plan.

Awards Subject to 2014 Stock Plan

The 2014 Stock Plan provided for the grant of stock options, stock appreciation rights and other stock-based awards, including shares and restricted shares. As a condition to the grant of a stock option pursuant to the 2014 Stock Plan, each grantee was required to enter into a Time Option Agreement or Performance Option Agreement, which provided the number of shares subject to the stock option and the terms of such grant as determined by the Compensation Committee. We reserved an aggregate of 12,067,687 shares of our common stock which may be issued under the 2014 Stock Plan.

Treatment upon Change in Control

The 2014 Stock Plan provides that in the event of a change in control, the Compensation Committee may but is not obligated to:

(i) accelerate, vest or cause the restrictions to lapse with respect to all or any portion of an equity award;

(ii) cancel such equity awards for fair value (as determined by the Compensation Committee in its sole discretion in good faith), including with respect to other stock-based awards, for a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such other stock-based awards or the underlying shares, or which, in the case of options and stock appreciation rights, may, if so determined by the Compensation Committee, equal the excess, if any, of value of the consideration to be paid in the change in control transaction, directly or

indirectly, to holders of the same number of shares subject to such options or stock appreciation rights (or, if no consideration is paid in any such transaction, the fair market value per share of the shares subject to such options or stock appreciation rights) over the aggregate option price of such options or exercise price of such stock appreciation rights (in such event, any option or stock appreciation right having a per share option price or exercise price equal to, or in excess of, the fair market value per share of a share subject thereto may be canceled and terminated without any payment or consideration therefor);

(iii) provide for the issuance of substitute equity awards that will preserve the rights under, and the otherwise applicable terms of, any affected equity awards previously granted under the 2014 Stock Plan as determined by the Compensation Committee in its sole discretion in good faith; and/or

(iv) provide that for a period of at least 15 days prior to the change in control, options and stock appreciation rights will be exercisable as to all shares subject thereto (whether or not vested) and that upon the occurrence of the change in control, such options and stock appreciation rights will terminate and be of no further force and effect.

Pursuant to the 2014 Stock Plan, "change in control" is generally defined as (i) any transaction or series of related transactions in which any person or group of persons (other than the H&F Investor or its affiliates) will (A) acquire, whether by purchase, exchange, tender offer, merger, consolidation, recapitalization or otherwise, or (B) otherwise be the owner of (as a result of a redemption of shares of our common stock or otherwise), shares of our common stock (or shares in a successor corporation by merger, consolidation or otherwise) such that following such transaction or transactions, such person or group and their respective affiliates beneficially own 50% or more of the voting power at elections for our board of directors or any successor corporation; or (ii) the sale or transfer of all or substantially all of our assets and, following such sale or transfer, there is a liquidation of us.

Nontransferability and Distributions of Awards

Pursuant to the terms of the 2014 Stock Plan, unless expressly permitted by the Compensation Committee in an option agreement or otherwise in writing, equity awards may not be transferred except by will or the laws of descent and distribution.

Amendment and Termination

The 2014 Stock Plan provided that our board of directors may amend or terminate the plan, but that no such amendment or termination may be made (i) without the approval of our shareholders, if such action would (except as is otherwise provided in the 2014 Stock Plan) increase the total number of shares reserved for the purposes of the plan or, if applicable, change the maximum number of shares for which equity awards may be granted to any participant; or (ii) without the consent of a participant, if such action would materially diminish any of the rights of such participant under any equity award theretofore granted to such participant under the plan; provided, however, that the Compensation Committee may amend the plan or any outstanding equity award in the least restrictive manner necessary to comply with the requirements of applicable laws.

2019 Incentive Plan

On June 4, 2019, our board of directors adopted, and our stockholders approved, the Grocery Outlet Holding Corp. 2019 Incentive Plan (the "2019 Incentive Plan"). Any awards granted under the 2014 Stock Plan will remain subject to the terms of the 2014 Stock Plan and the applicable stock option award agreements. Equity awards to our Named Executive Officers under the 2019 Incentive Plan will be designed to reward our Named Executive Officers for long-term stockholder value creation. The awards expected to be made under our 2019 Incentive Plan concurrent with the closing of this offering will be granted to recognize such individuals' efforts on our behalf in connection with our formation and this offering, to ensure their alignment with our stockholder's interests, and to provide a retention element to their compensation.

Purpose. The purpose of the 2019 Incentive Plan is to provide a means through which to attract and retain key personnel and to provide a means whereby our directors, officers, employees, consultants and advisors can acquire and maintain an equity interest in us, or be paid incentive compensation, including incentive compensation measured by reference to the value of our common stock, thereby strengthening their commitment to our welfare and aligning their interests with those of our stockholders.

Administration. The 2019 Incentive Plan will be administered by the compensation committee of our board of directors (the "Compensation Committee") or such other committee of our board of directors to which it has properly delegated power, or if no such committee or subcommittee exists, our board of directors. The Compensation Committee is authorized to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the 2019 Incentive Plan and any instrument or agreement relating to, or any award granted under, the 2019 Incentive Plan; establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Compensation Committee deems appropriate for the proper administration of the 2019 Incentive Plan; adopt sub-plans; and to make any other determination and take any other action that the Compensation Committee deems necessary or desirable for the administration of the 2019 Incentive Plan. Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which our securities are listed or traded, the Compensation Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it in accordance with the terms of the 2019 Incentive Plan. Unless otherwise expressly provided in the 2019 Incentive Plan, all designations, determinations, interpretations, and other decisions under or with respect to the 2019 Incentive Plan or any award or any documents evidencing awards granted pursuant to the 2019 Incentive Plan are within the sole discretion of the Compensation Committee, may be made at any time and are final, conclusive and binding upon all persons or entities, including, without limitation, us, any participant, any holder or beneficiary of any award, and any of our stockholders. Subject to the provisions of the 2019 Incentive Plan, the Compensation Committee may designate participants, determine the types and sizes of awards to be granted to participants, and determine the terms and conditions of awards, which will be set forth in the applicable award agreement.

Shares Subject to 2019 Incentive Plan. The 2019 Incentive Plan provides that the total number of shares of common stock that may be issued under the 2019 Incentive Plan is 4,597,862 (the "plan share reserve"), provided, however, that the plan share reserve shall be increased on the first day of each fiscal year beginning with the 2020 fiscal year in an amount equal to the lesser of (i) the positive difference between (x) 4% of the outstanding common stock on the last day of the immediately preceding fiscal year and (y) the plan share reserve on the last day of the immediately preceding fiscal year and (ii) a lower number of shares of our common stock as determined by our board of directors. No more than the number of shares of common stock equal to the plan share reserve may be issued in the aggregate pursuant to the exercise of incentive stock options. The maximum number of shares of common stock granted during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, may not exceed $1,000,000 in total value. Except for substitute awards (as described below), in the event any award expires or is cancelled, forfeited or terminated without issuance to the participant of the full number of shares to which the award related, the unissued shares of common stock underlying such award will be returned to the plan share reserve and may be granted again under the 2019 Incentive Plan. Shares of common stock withheld in payment of an option exercise price or taxes relating to an award, and shares equal to the number of shares surrendered in payment of any option exercise price, a stock appreciation right's base price, or taxes relating to an award will constitute shares issued to a participant and will thus reduce the plan share reserve. Awards may, in the sole discretion of the Compensation Committee, be granted in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by us or with which we combine (referred to as "substitute awards"), and such substitute awards will not be counted against the plan share reserve, except that substitute awards intended to qualify as "incentive stock options" will count against the limit on incentive stock options described above. No award may be granted under the 2019 Incentive Plan after the tenth anniversary of the effective date (as defined therein), but awards granted before then may extend beyond that date.

Options. The Compensation Committee may grant non-qualified stock options and incentive stock options, under the 2019 Incentive Plan, with terms and conditions determined by the Compensation Committee that are not inconsistent with the 2019 Incentive Plan. All stock options granted under the 2019 Incentive Plan are required to have a per share exercise price that is not less than 100% of the fair market value of our common stock underlying such stock options on the date such stock options are granted (other than in the case of options that are substitute awards). All stock options that are intended to qualify as incentive stock options must be granted pursuant to an award agreement expressly stating that the options are intended to qualify as incentive stock options and will be subject to the terms and conditions that comply with the rules as may be prescribed by Section 422 of the Code. The maximum term for stock options granted under the 2019 Incentive Plan will be ten years from the initial date of grant, or with respect to any stock options intended to qualify as incentive stock options, such shorter period as prescribed by Section 422 of the Code. However, if a non-qualified stock option would expire at a time when trading of shares of our common stock is prohibited by our insider trading policy (or "blackout period" imposed by us), the term will automatically be extended to the 30th day following the end of such period. The purchase price for the shares as to which a stock option is exercised may be paid to us, to the extent permitted by law, (i) in cash or its equivalent at the time the stock option is exercised; (ii) in shares having a fair market value equal to the aggregate exercise price for the shares being purchased and satisfying any requirements that may be imposed by the Compensation Committee (so long as such shares have been held by the participant for at least six months or such other period established by the Compensation Committee to avoid adverse accounting treatment); or (iii) by such other method as the Compensation Committee may permit in its sole discretion, including, without limitation, (A) in other property having a fair market value on the date of exercise equal to the purchase price, (B) through the delivery of irrevocable instructions to a broker to sell the shares being acquired upon the exercise of the stock option and to deliver to us the amount of the proceeds of such sale equal to the aggregate exercise price for the shares being purchased or (C) through a "net exercise" procedure effected by withholding the minimum number of shares needed to pay the exercise price and any applicable taxes. Any fractional shares of common stock will be settled in cash. Options will become vested and exercisable in such manner and on such date(s) or event(s) as determined by the Compensation Committee, provided that the Compensation Committee may, in its sole discretion, accelerate the vesting of any options at any time for any reason.

Unless otherwise provided by the Compensation Committee (whether in an award agreement or otherwise), in the event of (i) a participant's termination of service for cause, all outstanding options will immediately terminate and expire, (ii) a participant's termination of service due to death or disability, each outstanding unvested option will immediately terminate and expire, and vested options will remain exercisable for one year following termination of service (or, if earlier, through the last day of the tenth year from the initial date of grant), and (iii) a participant's termination for any other reason, outstanding unvested options will terminate and expire and vested options remain exercisable for 90 days following termination (or, if earlier, through the last day of the tenth year from the initial date of grant).

Restricted Shares and Restricted Stock Units. The Compensation Committee may grant restricted shares of our common stock or restricted stock units, representing the right to receive, upon vesting and the expiration of any applicable restricted period, one share of common stock for each restricted stock unit, or, in the sole discretion of the Compensation Committee, the cash value thereof (or any combination thereof). As to restricted shares of our common stock, subject to the other provisions of the 2019 Incentive Plan, the holder will generally have the rights and privileges of a stockholder as to such restricted shares of common stock, including, without limitation, the right to vote such restricted shares of common stock. Participants have no rights or privileges as a stockholder with respect to restricted stock units. Restricted shares of our common stock and restricted stock units will become vested in such manner and on such date(s) or event(s) as determined by the Compensation Committee, provided that the Compensation Committee may, in its sole discretion, accelerate the vesting of any restricted shares of our common stock or restricted stock units at any time for any reason. Unless otherwise provided by the Compensation Committee, whether in an award agreement or otherwise, in the event of a participant's termination for any reason prior to vesting of any restricted shares or restricted stock units, as applicable (i) all vesting with respect to the participant's restricted shares or restricted stock units, as applicable,

will cease and (ii) unvested restricted shares and unvested restricted stock units will be forfeited for no consideration on the date of termination.

Other Equity-Based Awards and Cash-Based Awards. The Compensation Committee may grant other equity-based or cash-based awards under the 2019 Incentive Plan, with terms and conditions determined by the Compensation Committee that are not inconsistent with the 2019 Incentive Plan.

Effect of Certain Events on 2019 Incentive Plan and Awards. Other than with respect to cash-based awards, in the event of (i) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of common stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of common stock or other securities, issuance of warrants or other rights to acquire shares of common stock or other securities, or other similar corporate transaction or event that affects the shares of common stock (including a change in control, as defined in the 2019 Incentive Plan), or (ii) unusual or nonrecurring events affecting the Company, including changes in applicable rules, rulings, regulations or other requirements, that the Compensation Committee determines, in its sole discretion, could result in substantial dilution or enlargement of the rights intended to be granted to, or available for, participants (any event in (i) or (ii), an "Adjustment Event"), the Compensation Committee will, in respect of any such Adjustment Event, make such proportionate substitution or adjustment, if any, as it deems equitable, to any or all of: (A) the Plan Share Reserve, or any other limit applicable under the 2019 Incentive Plan with respect to the number of awards which may be granted thereunder, (B) the number of shares of common stock or other securities of the Company (or number and kind of other securities or other property) which may be issued in respect of awards or with respect to which awards may be granted under the 2019 Incentive Plan or any sub-plan and (C) the terms of any outstanding award, including, without limitation, (x) the number of shares of common stock or other securities of the Company (or number and kind of other securities or other property) subject to outstanding awards or to which outstanding awards relate, (y) the exercise price or strike price with respect to any award, or (z) any applicable performance measures; it being understood that, in the case of any "equity restructuring," the Compensation Committee will make an equitable or proportionate adjustment to outstanding awards to reflect such equity restructuring.

In connection with any change in control, the Compensation Committee may, in its sole discretion, provide for any one or more of the following: (i) a substitution or assumption of, acceleration of the vesting of, the exercisability of, or lapse of restrictions on, any one or more outstanding awards and (ii) cancellation of any one or more outstanding awards and payment to the holders of such awards that are vested as of such cancellation (including any awards that would vest as a result of the occurrence of such event but for such cancellation) the value of such awards, if any, as determined by the Compensation Committee (which value, if applicable, may be based upon the price per share of common stock received or to be received by other holders of our common stock in such event), including, in the case of stock options and stock appreciation rights, a cash payment equal to the excess, if any, of the fair market value of the shares of common stock subject to the option or stock appreciation right over the aggregate exercise price or base price thereof.

Nontransferability of Awards. Each award under the 2019 Incentive Plan will not be transferable or assignable by a participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against us or any of our subsidiaries. However, the Compensation Committee may, in its sole discretion, permit awards (other than incentive stock options) to be transferred, including transfers to a participant's family members, any trust established solely for the benefit of a participant or such participant's family members, any partnership or limited liability company of which a participant, or such participant and such participant's family members, are the sole member(s), and a beneficiary to whom donations are eligible to be treated as "charitable contributions" for tax purposes.

Amendment and Termination. Our board of directors may amend, alter, suspend, discontinue, or terminate the 2019 Incentive Plan or any portion thereof at any time; but no such amendment, alteration,

suspension, discontinuance or termination may be made without stockholder approval if (i) such approval is necessary to comply with any regulatory requirement applicable to the 2019 Incentive Plan or for changes in U.S. GAAP to new accounting standards; (ii) it would materially increase the number of securities which may be issued under the 2019 Incentive Plan (except for adjustments in connection with certain corporate events); or (iii) it would materially modify the requirements for participation in the 2019 Incentive Plan; and any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any participant or any holder or beneficiary of any award will not to that extent be effective without such individual's consent.

The Compensation Committee may, to the extent consistent with the terms of any applicable award agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any award granted or the associated award agreement, prospectively or retroactively (including after a participant's termination). However, except as otherwise permitted in the 2019 Incentive Plan, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any participant with respect to such award will not to that extent be effective without such individual's consent. In addition, without stockholder approval, except as otherwise permitted in the 2019 Incentive Plan, (i) no amendment or modification may reduce the exercise price of any option or the strike price of any stock appreciation right; (ii) the Compensation Committee may not cancel any outstanding option or stock appreciation right and replace it with a new option or stock appreciation right (with a lower exercise price or strike price, as the case may be) or other award or cash payment that is greater than the value of the cancelled option or stock appreciation right; and (iii) the Compensation Committee may not take any other action which is considered a "repricing" for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which our securities are listed or quoted.

Dividends and Dividend Equivalents. The Compensation Committee in its sole discretion may provide that an award under the 2019 Incentive Plan includes dividends or dividend equivalents, on such terms and conditions as may be determined by the Compensation Committee in its sole discretion. Unless otherwise provided in the award agreement, any dividend payable in respect of any share of restricted stock that remains subject to vesting conditions at the time of payment of such dividend will be retained by the Company and remain subject to the same vesting conditions as the share of restricted stock to which the dividend relates. To the extent provided in an award agreement, the holder of outstanding restricted stock units will be entitled to be credited with dividend equivalents either in cash, or in the sole discretion of the Compensation Committee, in shares of common stock having a fair market value equal to the amount of the dividends (and interest may be credited, at the discretion of the Compensation Committee, on the amount of cash dividend equivalents, at a rate and subject to terms determined by the Compensation Committee), which accumulated dividend equivalents (and any interest) will be payable at the same time as the underlying restricted stock units are settled following the lapse of restrictions (and with any accumulated dividend equivalents forfeited if the underlying restricted stock units are forfeited).

Clawback/Repayment. All awards are subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by our board of directors or the Compensation Committee and as in effect from time to time and (ii) applicable law. To the extent that a participant receives any amount in excess of the amount that the participant should otherwise have received under the terms of the award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the participant will be required to repay any such excess amount to the Company. If a participant engages in any detrimental activity (as described below), as determined by the Compensation Committee, the Compensation Committee may, in its sole discretion, provide for one or more of the following: (i) cancellation of any or all of a participant's outstanding awards or (ii) forfeiture by the participant of any gain realized on the vesting or exercise of awards, and repayment of any such gain promptly to the Company. For purposes of the 2019 Incentive Plan and awards thereunder, "detrimental activity" means: any unauthorized disclosure of confidential or proprietary information of the Company or its subsidiaries; any activity that would be grounds to terminate the participant's employment or service for cause; the participant's

breach of any restrictive covenant (including, but not limited, to any non-competition or non-solicitation covenants); or fraud or conduct contributing to any financial restatements or irregularities, as determined by the Compensation Committee in its discretion.

Employment Agreements with Named Executive Officers

Chief Executive Officer Employment Agreements

On October 7, 2014, we entered into an amended and restated chief executive officer employment agreement with each of Messrs. Lindberg and Read, pursuant to which each executive agreed to continue to serve as one of our Co-Chief Executive Officers. The following description of the employment agreements is qualified in its entirety by the full terms and conditions of the employment agreements. Each employment agreement is filed as an exhibit to the registration statement of which this prospectus forms a part and is incorporated herein by reference.

Salary and Incentive Compensation

Pursuant to the employment agreement, each of Messrs. Lindberg and Read's annual base salary was $504,000 ($567,279 in 2018) and his target AIP award is 100% of annual base salary.

Severance

The employment agreements provide that in the event of a termination of employment without cause (as defined in the chief executive officer employment agreement) or resignation for good reason (as defined in the chief executive officer employment agreement), each of Messrs. Lindberg and Read is entitled to (i) payment of the executive's base salary, payable in equal installments in accordance with our regular payroll practices for a period of 24 months following the termination date; (ii) an amount equal to two times the executive's target bonus for the year in which the termination date occurs, payable in equal installments for a period of 24 months following the termination date; and (iii) payment for up to 18 months of medical and dental benefits for the executive and his dependents which are substantially the same as the benefits provided immediately prior to the date of termination (including, in our discretion, payment for the costs associated with continuation coverage pursuant to COBRA). The employment agreements further provide that if the executive's employment is terminated by reason of his death or disability, then he will be entitled to a lump sum amount equal to his target annual bonus for the year in which the termination occurs, prorated based on the ratio of the number of days during such year that the executive was employed to 365.

Restrictive Covenants

Each chief executive officer employment agreement contains non-competition covenants during the term of the agreement as well as confidentiality and employee non-solicitation covenants.

Definitions in Chief Executive Officer Employment Agreements

"Cause" is generally defined as the executive's (i) willful and continued breach of the employment agreement or failure to perform his duties to the Company or its successor after a written demand for substantial performance is delivered to him by the Company or its successor which demand specifically identifies the manner in which the Company or its successor believe that he has not substantially performed his duties; (ii) conviction of or plea of guilty or *nolo contendere* to felony criminal conduct; or (iii) breach of the terms of that certain Restrictive Covenants Agreement dated September 13, 2014 between the executive and Globe Holding Corp. The definition of "cause" further provides that no act or failure to act by the executive shall be deemed "willful" if done, or omitted to be done, by the executive in good faith and with the reasonable belief that the executive's action or omission was in the best interest of the Company.

"Good reason" is generally defined as any of the following undertaken without the executive's express written consent: (i) the assignment to the executive of any duties or responsibilities or a change in the executive's title, position or status that results in a material diminution or adverse change of the executive's authority, duties or responsibilities; (ii) a material reduction by the Company in the executive's annual base salary as in effect from time to time; (iii) the taking of any action by the Company that would materially and adversely affect the executive's participation in, or materially reduce the executive's benefits under, the Company's benefit plans (excluding equity benefits), except to the extent the benefits of all other executives of the Company are similarly reduced; (iv) a material relocation by the Company of the executive's principal office to a location more than 40 miles from the location at which the executive was performing the executive's duties immediately prior to such relocation, except for required travel by the executive on the Company's business; or (v) any material breach by the Company of any provision of the employment agreement. The definition of "good reason" further provides that any of the circumstances described above may not serve as a basis for resignation for "good reason" by the executive unless (i) the executive notifies the Company of any event constituting good reason within 90 days following the initial existence of such circumstance and the Company has failed to cure such circumstance within 30 days following such notice; and (ii) the executive's separation from service due to such circumstance occurs within the two year period following the initial existence of such circumstance.

Executive Employment Agreements

On October 7, 2014, we entered into an executive employment agreement with each of Messrs. Bracher, Sheedy, McMahon and Wilson, pursuant to which each executive agreed to continue to serve as Chief Financial Officer, Vice President of Strategy, Vice President of Sales and Retail Merchandising and Vice President of Purchasing, respectively. The following description of the executive employment agreements is qualified in its entirety by the full terms and conditions of each executive employment agreement. Each executive employment agreement is filed as an exhibit to the registration statement of which this prospectus forms a part and is incorporated herein by reference.

Salary

Pursuant to each executive employment agreement, Mr. Bracher's annual base salary was $450,883 ($507,473 in 2018), Mr. Sheedy's annual base salary was $350,000 ($475,000 in 2018), Mr. McMahon's annual base salary was $309,000 ($347,783 in 2018) and Mr. Wilson's annual base salary was $269,954 ($314,150 in 2018).

Restrictive Covenants

Each executive employment agreement contains non-competition covenants during the term of the agreement as well as confidentiality and employee non-solicitation covenants.

Other Compensation

Benefits

We provide various employee benefit programs to our Named Executive Officers, including medical, vision, dental, life insurance, accidental death & dismemberment, long-term disability, short-term disability, health savings accounts and wellness programs. These benefit programs are generally available to all of our U.S.-based employees. These benefits are provided to the Named Executive Officers to eliminate potential distractions from performing their regular job duties. We believe the cost of these programs is counterbalanced by an increase in productivity by the executives receiving access to them.

Profit Sharing Contributions

We maintain a defined contribution pension plan (the "401(k) Plan") for all full-time employees, including the Named Executive Officers, with at least 3 months of service. The 401(k) Plan is intended to qualify

as a tax-qualified plan under Section 401(k) of the Internal Revenue Code. The 401(k) Plan provides that each participant may contribute up to 60% of such participant's compensation pursuant to certain restrictions. The 401(k) Plan allows for discretionary employer contributions, and we made discretionary contributions for the fiscal year ended December 29, 2018. In fiscal year 2018, the Company made a profit sharing contribution of $29,700 to each Named Executive Officer.

Tax and Accounting Implications

The Compensation Committee operates its compensation programs with the good faith intention of complying with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). We account for equity-based payments with respect to our long-term equity incentive award programs in accordance with the requirements of FASB Accounting Standards Codification Topic 718, Compensation—Stock Compensation, or FASB ASC Topic 718.

Summary Compensation Table

The following table summarizes the total compensation earned in 2018 by the Named Executive Officers in fiscal year 2018. We have omitted from this table the columns for Change in Pension Value and Nonqualified Deferred Compensation Earnings, because no Named Executive Officer received such types of compensation during fiscal year 2018. We have omitted from this table the column for Equity Awards, because no equity awards were granted to any Named Executive Officers during fiscal year 2018.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($) (1)	Non-Equity Incentive Plan Compensation ($) (2)	All Other Compensation ($) (3)	Total ($)
Eric J. Lindberg, Jr. *Chief Executive Officer,* *Former Co-Chief Executive Officer*	2018	567,279	440,042	2,638,485	3,645,806
S. MacGregor Read, Jr. *Vice Chairman,* *Former Co-Chief Executive Officer*	2018	567,279	440,042	2,638,485	3,645,806
Charles C. Bracher *Chief Financial Officer*	2018	507,473	262,747	725,402	1,495,622
Robert Joseph Sheedy, Jr. *President, Former Chief Merchandise,* *Marketing & Strategy Officer*	2018	475,000	245,934	725,376	1,446,310
Thomas H. McMahon *Executive Vice President, Sales &* *Merchandising*	2018	347,783	180,066	494,269	1,022,118
Steven K. Wilson *Senior Vice President, Purchasing*	2018	314,150	134,372	493,505	942,027

(1) The amounts in the "Salary" column represent the base salary earned by each Named Executive Officer.

(2) The amounts in the "Non-Equity Incentive Plan Compensation" column represent the annual incentive bonus amounts earned by each Named Executive Officer pursuant to the 2018 AIP.

(3) The amounts in the "All Other Compensation" column represent the following with respect to each Named Executive Officer in fiscal year 2018:

- Mr. Lindberg: profit share contribution amount of $29,700 under 401(k) Plan; lump-sum cash payments in the amount of $332,872 in connection with the 2016 Dividend and $2,275,913 in connection with the 2018 Dividend.
- Mr. Read: profit share contribution amount of $29,700 under 401(k) Plan; lump-sum cash payments in the amount of $332,872 in connection with the 2016 Dividend and $2,275,913 in connection with the 2018 Dividend.
- Mr. Bracher: profit share contribution amount of $29,700 under 401(k) Plan; a gift card in the amount of $25.61 given as a gift in recognition of an employment anniversary; lump-sum cash payments in the amount of $88,776 in connection with the 2016 Dividend and $606,910 in connection with the 2018 Dividend.
- Mr. Sheedy: profit share contribution amount of $29,700 under 401(k) Plan; lump-sum cash payments in the amount of $88,776 in connection with the 2016 Dividend and $606,910 in connection with the 2018 Dividend.
- Mr. McMahon: profit share contribution amount of $29,700 under 401(k) Plan; a gift card in the amount of $25.60 given as a gift in recognition of an employment anniversary; a payment of $764.30 in recognition of an employment anniversary; lump-sum cash payments in the amount of $59,177 in connection with the 2016 Dividend and $404,602 in connection with the 2018 Dividend.
- Mr. Wilson: profit share contribution amount of $29,700 under 401(k) Plan; a gift card in the amount of $25.61 given as a gift in recognition of an employment anniversary; lump-sum cash payments in the amount of $59,177 in connection with the 2016 Dividend and $404,602 in connection with the 2018 Dividend.

Grants of Plan-Based Awards in 2018

The following table provides information with respect to awards made under our AIP during the 2018 fiscal year.

GRANTS OF PLAN BASED AWARDS

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)		
Name	Threshold ($)	Target ($)	Maximum ($)
Eric J. Lindberg, Jr.	—	567,279	—
S. MacGregor Read, Jr.	—	567,279	—
Charles C. Bracher	—	253,737	—
Robert Joseph Sheedy, Jr	—	237,500	—
Thomas H. McMahon	—	173,891	—
Steven K. Wilson	—	157,075	—

(1) The amounts in the "Target" column represent the target amounts available under the 2018 AIP for our 2018 fiscal year with respect to each Named Executive Officer. The calculation uses each Named Executive Officer's base salary as of January 7, 2018. See " —Annual Cash Incentive Compensation—2018 Annual Incentive Plan" for a description of our annual performance-based cash bonus plan. For purposes of this table, the "Threshold" amount shown represents an assumption that the Company achieves the threshold

level of adjusted EBITDA performance and individual performance attainment that is slightly greater than 0%, which would result in a de minimis AIP payout. There is no maximum level with respect to awards under the 2018 AIP.

Outstanding Equity Awards at 2018 Year End

The following table includes certain information with respect to stock options held by the Named Executive Officers as of December 29, 2018.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

Name	Original Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#) (1)	Number of Securities Underlying Unexercised Options Unexercisable (#) (2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options(#) (3)	Option Exercise Price ($)	Option Expiration Date
Eric J. Lindberg, Jr.	10/21/14	1,086,090	271,524		7.13	10/21/24
	10/21/14			1,357,614	3.81	10/21/24
S. MacGregor Read, Jr	10/21/14	1,086,090	271,524		7.13	10/21/24
	10/21/14			1,357,614	3.81	10/21/24
Charles C. Bracher	11/25/14	289,624	72,407		7.13	11/25/24
	11/25/14			362,030	3.81	11/25/24
Robert Joseph Sheedy, Jr	11/25/14	289,624	72,407		7.13	11/25/24
	11/25/14			362,030	3.81	11/25/24
Thomas H. McMahon	11/25/14	193,081	48,271		7.13	11/25/24
	11/25/14			241,353	3.81	11/25/24
Steven K. Wilson	11/25/14	193,081	48,271		7.13	11/25/24
	11/25/14			241,353	3.81	11/25/24

(1) The numbers in this column represent vested Time Options. As of December 29, 2018, none of the Performance Options held by the Named Executive Officers were vested.

(2) The numbers in this column represent unvested Time Options as of December 29, 2018. Messrs. Lindberg and Read hold a Time Option pursuant to the A&R Time Option Agreement and the other Named Executive Officers hold a Time Option pursuant to the Time Option Agreement, and each agreement provides that 20% of the shares subject to the Time Option vest and become exercisable on each of the first five anniversaries of the date of grant, subject to the executive's continued employment with us on each applicable vesting date. See "—Long-Term Equity Incentive Compensation—Time Option Agreement."

(3) The numbers in this column represent unvested Performance Options as of December 29, 2018. Messrs. Lindberg and Read hold a Performance Option pursuant to the A&R Performance Option Agreement and the other Named Executive Officers hold a Performance Option pursuant to the Performance Option Agreement, and each agreement provides that shares subject to the Performance Option vest and become exercisable on each "measurement date" based on the achievement of certain IRR performance hurdles. See "—Long-Term Equity Incentive Compensation—Performance Option Agreement."

Option Exercises and Stock Vested During Fiscal Year 2018

No Time Options or Performance Options were exercised by the Named Executive Officers during the fiscal year ended December 29, 2018.

Potential Payments Upon Termination or Change in Control

Severance Benefits upon Termination

The chief executive officer employment agreements of each of Messrs. Lindberg and Read provide that in the event of a termination of employment without cause (as defined in the chief executive officer employment agreement) or resignation for good reason (as defined in the chief executive officer employment agreement), each of Messrs. Lindberg and Read is entitled to (i) payment of the executive's base salary, payable in equal installments in accordance with our regular payroll practices for a period of 24 months following the termination date; (ii) an amount equal to two times the executive's target bonus for the year in which the termination date occurs, payable in equal installments for a period of 24 months following the termination date; and (iii) payment for up to 18 months of medical and dental benefits for the executive and his dependents which are substantially the same as the benefits provided immediately prior to the date of termination (including, in our discretion, payment for the costs associated with continuation coverage pursuant to COBRA).

The chief executive officer employment agreements of each of Messrs. Lindberg and Read further provide that if the executive's employment is terminated by reason of his death or disability, then he will be entitled to a lump sum amount equal to his target annual bonus for the year in which the termination occurs, prorated based on the ratio of the number of days during such year that the executive was employed to 365.

Accelerated Vesting of Time Options upon Change in Control

Each of the Named Executive Officers were granted Time Options under the 2014 Stock Plan. The A&R Time Option Agreement and Time Option Agreement each provide that if a change in control (as defined in the 2014 Stock Plan) occurs during the executive's employment, the Time Option will become fully vested and exercisable immediately prior to the effective time of such change in control.

The following tables describe the potential payments and benefits that would have been payable to our Named Executive Officers under existing plans and arrangements if a qualifying termination or change in control occurred on December 29, 2018, the last business day of our 2018 fiscal year. The amounts shown in the tables do not include payments and benefits to the extent they are provided generally to all salaried employees upon termination of employment and do not discriminate in scope, terms or operation in favor of the Named Executive Officers.

Potential Payments Upon Termination or Change in Control to Messrs. Lindberg and Read

Name	Benefit	Without Cause/ Good Reason Termination ($) (1)	Termination due to Death or Disability ($) (2)	Change in Control ($) (3)
Eric Lindberg, Jr.	Base Salary	1,134,559	—	—
	Bonus	1,134,559	567,279	—
	Medical/Dental/COBRA	4,435	—	—
	Accelerated Vesting of Time Option	—	—	1,225,051
	Total	2,273,553	567,279	1,225,051
S. MacGregor Read, Jr.	Base Salary	1,134,559	—	—
	Bonus	1,134,559	567,279	—
	Medical/Dental/COBRA	4,406	—	—
	Accelerated Vesting of Time Option	—	—	1,225,051
	Total	2,273,524	567,279	1,225,051

(1) The chief executive officer employment agreements of each of Messrs. Lindberg and Read provide that in the event of a termination of employment without cause or resignation for good reason, each of Messrs.

Lindberg and Read is entitled to (i) payment of the executive's base salary ($567,279), payable in equal installments in accordance with our regular payroll practices for a period of 24 months following the termination date; (ii) an amount equal to two times the executive's target bonus ($567,279) for the year in which the termination date occurs, payable in equal installments for a period of 24 months following the termination date; and (iii) medical and dental benefit payments ($1,979 monthly for Mr. Lindberg and $1,970 monthly for Mr. Read) and COBRA premium payments ($2,456 monthly for Mr. Lindberg and $2,436 for Mr. Read) for a period of 18 months for the executive and his dependents, which benefits are substantially the same as the benefits provided immediately prior to the date of termination.

(2) The chief executive officer employment agreements of each of Messrs. Lindberg and Read provide that if the executive's employment is terminated by reason of his death or disability, then he will be entitled to a lump sum amount equal to his target annual bonus ($567,279) for the year in which the termination occurs, prorated based on the ratio of the number of days during such year that the executive was employed to 365.

(3) On October 21, 2014, the Company granted each of Messrs. Lindberg and Read a Time Option to purchase 1,357,614 shares of the Company's common stock, at an exercise price of $7.13, pursuant to the A&R Time Option Agreement. As of December 29, 2018, 271,524 shares subject to the Time Option held by each of Messrs. Lindberg and Read are unvested. The A&R Time Option Agreement provides that if a change in control occurs during the executive's employment, the Time Option will become fully vested and exercisable immediately prior to the effective time of such change in control. The amounts above represent the value associated with the accelerated vesting of the unvested shares subject to the Time Option held by the executive upon a change in control, which is the product of (i) the difference between (A) the estimated fair value of our common stock as of December 29, 2018, as set by the Compensation Committee in accordance with its equity grant policy ($11.64) and (B) the exercise price ($7.13); and (ii) the number of unvested shares subject to the Time Option as of December 29, 2018.

Potential Payments Upon Change in Control to Messrs. Bracher, Sheedy, McMahon and Wilson

Name	Benefit	Change in Control ($) (1)
Charles C. Bracher	Accelerated Vesting of Time Option	326,685
Robert Joseph Sheedy, Jr.	Accelerated Vesting of Time Option	326,685
Thomas H. McMahon	Accelerated Vesting of Time Option	217,790
Steven K. Wilson	Accelerated Vesting of Time Option	217,790

(1) On November 25, 2014, the Company granted each of Messrs. Bracher and Sheedy (i) a Time Option to purchase 362,031 shares of the Company's common stock, at an exercise price of $7.13, pursuant to the Time Option Agreement. As of December 29, 2018, 72,407 shares subject to the Time Option held by each of Messrs. Bracher and Sheedy are unvested. On November 25, 2014, the Company granted each of Messrs. McMahon and Wilson (i) a Time Option to purchase 241,353 shares of the Company's common stock, at an exercise price of $7.13, pursuant to the Time Option Agreement. As of December 29, 2018, 48,271 shares subject to the Time Option held by each of Messrs. McMahon and Wilson are unvested. The Time Option Agreement provides that if a change in control occurs during the executive's employment, the Time Option will become fully vested and exercisable immediately prior to the effective time of such change in control. The amounts provided above represent the spread value of the unvested shares subject to each Time Option held by the applicable Named Executive Officer. The amounts above represent the value associated with the accelerated vesting of the unvested shares subject to each Time Option held by the executive upon a change in control, which is the product of (i) the difference between (A) the estimated fair value of our common stock as of December 29, 2018, as set by the Compensation Committee in accordance with its equity grant policy ($11.64) and (B) the exercise price ($7.13); and (ii) the number of unvested shares subject to the Time Option as of December 29, 2018.

Director Compensation

Pursuant to the company's non-employee director compensation policy, cash and equity compensation is paid or made, as applicable, to each member of our board of directors who is not either (i) an employee of us

or any parent or subsidiary of us, or (ii) an employee of H&F or its affiliates (excluding portfolio companies) (each, a "Non-Employee Director").

In connection with this offering, our board has adopted a new non-employee director compensation policy. Under both our prior and new non-employee director compensation policies, each Non-Employee Director is entitled to receive an annual retainer of $75,000 and a Non-Employee Director serving as chairperson of the board of directors is entitled to receive an additional annual retainer of $100,000 for such service. In addition, the new non-employee director compensation policy provides that each Non-Employee Director is entitled to receive additional annual retainers shown in the following table, as applicable. The prior non-employee director compensation policy provided for the same additional committee retainers, except that it did not cover the Nominating and Corporate Governance Committee because we did not have such a committee prior to this offering. The annual retainers are earned on a quarterly basis based on a calendar quarter and paid by us in arrears prior to the fifth business day following the end of each calendar quarter.

	Member	Chair
Audit and Risk Management Committee	$15,000	$25,000
Compensation Committee	$10,000	$15,000
Nominating and Corporate Governance Committee	$ 7,500	$10,000

In addition to cash compensation, both the prior and new non-employee director compensation policies provide that each Non-Employee Director will be granted an annual restricted stock unit award with respect to a number of shares of our common stock having a grant date fair market value of $100,000. Prior to the adoption of the 2019 Incentive Plan, restricted stock unit awards granted to Non-Employee Directors were issued pursuant to our 2014 Stock Plan. Following the adoption of the 2019 Incentive Plan, restricted stock unit awards granted to Non-Employee Directors will be issued pursuant to our 2019 Incentive Plan. Subject to the Non-Employee Director's continued service to us on each applicable vesting date, the annual restricted stock unit awards granted under the prior policy vest in equal annual installments on each of the first three anniversaries of December 31 of each year and will vest in full upon a change in control. Under the new non-employee director compensation policy, subject to the Non-Employee Director's continued service with us on the applicable vesting date, the annual restricted stock unit awards will generally vest in full on the anniversary of their grant date or in full upon a change in control. Under both our prior and new non-employee director compensation policies, upon each vesting event, the annual restricted stock unit grant, or the relevant portion thereof, will be settled in our shares of common stock within 30 days of the date on which the relevant vesting date occurs. The number of shares underlying the annual restricted stock unit grant will be calculated by dividing $100,000 by the fair market value as of the date the annual restricted stock unit grant is granted (which, following the public trading date, will be the closing price of a share of our common stock on the principal stock exchange on which such shares are listed). Prior to the completion of this offering, the annual restricted stock unit grant has been granted on a date determined by our board of directors. Following the completion of this offering, the annual restricted stock unit grant is expected to be granted on the date of each annual public meeting of our stockholders to each Non-Employee Director who will continue to serve as a Non-Employee Director immediately following such annual meeting.

Under both our prior and new non-employee director compensation policies, none of our directors receive separate compensation for attending meetings of our board of directors or any committees thereof. All directors are reimbursed for travel and other expenses directly related to director activities and responsibilities.

Messrs. Alterman, Herman, Matthews and York were our Non-Employee Directors in 2018. With respect to fiscal year 2018, none of our other directors, including our employee-directors, Messrs. Lindberg and Read, were entitled to separate compensation for their service on our board of directors.

The following table summarizes the compensation paid to or earned by our directors in 2018.

2018 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($) (5)	Equity Awards ($) (6)	All Other Compensation ($) (7)	Total ($)
Kenneth W. Alterman (1)	85,000	100,000	72,569	257,569
Thomas F. Herman (2)	100,000	100,000	72,569	272,569
Norman S. Matthews (3)	85,000	100,000	72,569	257,569
Jeffrey York	75,000	100,000	72,569	247,569
Philip Hammarskjold (4)	—	—	—	—
Sameer Narang (4)	—	—	—	—
Erik D. Ragatz (4)	—	—	—	—

(1) Mr. Alterman received $10,000 in cash as committee fees.
(2) Mr. Herman received $25,000 in cash as committee fees.
(3) Mr. Matthews received $10,000 in cash as committee fees.
(4) Mr. Hammarskjold resigned as a director on March 22, 2019. Messrs. Hammarskjold, Narang and Ragatz did not receive any compensation for their service on our board of directors.
(5) Each Non-Employee Director received an annual retainer of $75,000 in cash for his service on our board of directors.
(6) Each Non-Employee Director was granted a restricted stock unit award on March 30, 2018 with respect to 8,549 shares of our common stock, pursuant to the terms of the 2014 Stock Plan.
(7) In connection with the 2016 Dividend, we made cash payments in the amount of $11,837 on January 12, 2018 to each of Messrs. York, Herman, Matthews and Alterman, in respect of restricted stock units each such person held that vested on December 31, 2017. In addition, in connection with the 2018 Dividend, we made cash payments in the amount of $60,732 on October 22, 2018 to each of Messrs. York, Herman, Matthews and Alterman, in respect of common stock that had been issued pursuant to previously vested restricted stock units. The gross amounts payable for each Non-Employee Director are based on the dividend that would have been received in respect of the shares of common stock underlying their restricted stock units that had vested on the payment date.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Stockholders Agreement

On October 7, 2014, we entered into a stockholders agreement with the H&F Investor, certain executive officers and their family trusts, including Messrs. Lindberg, Read, Bracher and Wilson, and certain of our directors and their family trusts, including Messrs. Herman, Mathews and York. We expect to amend and restate this stockholders agreement in connection with this offering.

This amended and restated agreement will provide that following the completion of this offering, the H&F Investor will have the right to nominate to our board of directors (such persons, the "H&F nominees") a number of nominees equal to: (x) the total number of directors comprising our board of directors at such time, *multiplied* by (y) the percentage of our outstanding common stock held from time to time by the H&F Investor. For purposes of calculating the number of directors that the H&F Investor will be entitled to nominate, any fractional amounts are rounded up to the nearest whole number. In addition, following this offering, the Executive Stockholders (as defined in the amended and restated stockholders agreement) and the Read Trust Rollover Stockholders (as defined in the amended and restated stockholders agreement), trusts controlled by Mr. Lindberg, Mr. Read or members of their immediate family, acting together by majority vote, will have the right to nominate one person (such person, the "Executive nominee") to our board of directors for so long as such stockholders collectively own at least 5% of our outstanding shares of common stock. The amended and restated stockholders agreement will also provide that our Chief Executive Officer will be nominated to our board of directors. For so long as we have a classified board, the H&F nominees will be divided by the H&F Investor as evenly as possible among the classes of directors. The Executive nominee will initially be a Class II director and the Chief Executive Officer will initially be a Class III director.

Pursuant to the amended and restated stockholders agreement, we will include the H&F nominees, the Executive nominee and the Chief Executive Officer nominee on the slate that is included in our proxy statement relating to the election of directors of the class to which such persons belong and provide the highest level of support for the election of each such person as we provide to any other individual standing for election as a director. In addition, each stockholder party to the amended and restated stockholders agreement will agree to vote in favor of the Company slate that is included in our proxy statement.

In the event that an H&F nominee or the Executive nominee ceases to serve as a director for any reason (other than the failure of our stockholders to elect such individual as a director), the persons entitled to designate such nominee director under the amended and restated stockholders agreement will be entitled to appoint another nominee to fill the resulting vacancy.

The amended and restated stockholders agreement will contain provisions that entitle the H&F Investor, the Executive Stockholders and the Read Trust Rollover Stockholders to certain rights to have their securities registered by us under the Securities Act. The H&F Investor will be entitled to an unlimited number of "demand" registrations and the Executive Stockholders and Read Trust Rollover Stockholders collectively will be entitled to three "demand" registrations, subject in each case to certain limitations. Every stockholder party to the amended and restated stockholders agreement will also be entitled to customary "piggyback" registration rights. In addition, the amended and restated stockholders agreement will provide that we will pay certain expenses of the stockholder parties relating to such registrations and indemnify them against certain liabilities which may arise under the Securities Act.

Directed Share Program

At our request, the underwriters have reserved up to 859,375 shares of common stock, or up to 5% of the shares offered by this prospectus, for sale at the initial public offering price through a directed share program to our directors, officers, employees, independent operators, business associates and related persons. The directed

share program will not limit the ability of our directors, officers and their affiliates, or holders of more than 5% of our common stock, to purchase more than $120,000 in value of our common stock. We do not currently know the extent to which these related persons will participate in our directed share program, if at all, or to the extent they will purchase more than $120,000 in value of our common stock. For additional information, see "Underwriting (Conflicts of Interest)—Reserved Shares."

Indemnification of Directors and Officers

We have entered, or will enter, into an indemnification agreement with each of our directors and executive officers. The indemnification agreements, together with our amended and restated bylaws, will provide that we will jointly and severally indemnify each indemnitee to the fullest extent permitted by the Delaware general corporation law from and against all loss and liability suffered and expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by or on behalf of the indemnitee in connection with any threatened, pending, or completed action, suit or proceeding. Additionally, we will agree to advance to the indemnitee all out-of-pocket costs of any type or nature whatsoever incurred in connection therewith. See "Description of Capital Stock—Limitations on Liability and Indemnification of Officers and Directors."

Lease Arrangements

As of March 30, 2019, we leased sixteen store properties and one distribution center from entities in which Messrs. Lindberg and Read or their respective families, had a direct or indirect material interest. These entities received aggregate annual lease payments in fiscal year 2018 of approximately $6.6 million and of approximately $1.5 million in the first quarter 2019. The leases for seven of these stores expire in August 2024. The leases on the ten remaining properties expire on various dates between December 2020 and December 2032.

Related Persons Transaction Policy

Prior to the completion of this offering, our board of directors is expected to adopt a written policy on transactions with related persons, which we refer to as our "related person policy." Our related person policy will require that all "related persons" (as defined in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our general counsel any "related person transaction" (defined as any transaction that is anticipated would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. Our general counsel will communicate that information to our board of directors or to a duly authorized committee thereof. Our related person policy will provide that no related person transaction entered into following the completion of this offering will be executed without the approval or ratification of our board of directors or a duly authorized committee thereof. It will be our policy that any directors interested in a related person transaction must recuse themselves from any vote on a related person transaction in which they have an interest.

PRINCIPAL STOCKHOLDERS

The following table and accompanying footnotes set forth information with respect to the beneficial ownership of the common stock of Grocery Outlet Holding Corp. as of June 10, 2019 by:

- each person known by us to own beneficially 5% or more of our outstanding shares of common stock;
- each of our directors;
- each of our named executive officers; and
- our directors and executive officers as a group.

The number of shares and percentages of beneficial ownership prior to this offering set forth below are based on the number of shares of our common stock to be issued and outstanding immediately prior to the consummation of this offering. The number of shares and percentages of beneficial ownership after this offering set forth below are based on the number of shares of our common stock to be issued and outstanding immediately after the consummation of this offering and excluding any potential purchases pursuant to the directed share program relating to this offering.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. A person is a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security or has the right to acquire such powers within 60 days.

Unless otherwise noted in the footnotes to the following table, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to their beneficially owned common stock.

Except as otherwise indicated in the footnotes below, the address of each beneficial owner is c/o Grocery Outlet Holding Corp., 5650 Hollis Street, Emeryville, California 94608.

	Shares Beneficially Owned Prior to the Offering		Shares Beneficially Owned After the Offering			
			If Underwriters' Option to Purchase Additional Shares is Not Exercised		If Underwriters' Option to Purchase Additional Shares is Exercised in Full	
Name of Beneficial Owner	Shares	Percentage	Shares	Percentage	Shares	Percentage
5% Stockholders:						
H&F Globe Investor LP (1)	54,643,192	79.8%	54,643,192	63.8%	54,643,192	61.9%
Executive Officers and Directors:						
Eric J. Lindberg, Jr. (2)	4,733,810	6.8	4,733,810	5.5	4,733,810	5.3
S. MacGregor Read, Jr. (3)	5,702,040	8.2	5,702,040	6.6	5,702,040	6.4
Robert Joseph Sheedy, Jr. (4)	289,624	*	289,624	*	289,624	*
Charles C. Bracher (5)	331,714	*	331,714	*	331,714	*
Thomas H. McMahon (6)	284,275	*	284,275	*	284,275	*
Steven K. Wilson (7)	326,365	*	326,365	*	326,365	*
Erik D. Ragatz (8)	—	*	—	*	—	*
Kenneth W. Alterman (9)	39,592	*	39,592	*	39,592	*
Matthew B. Eisen (8)	—	*	—	*	—	*
Thomas F. Herman (10)	81,682	*	81,682	*	81,682	*
Norman S. Matthews	179,892	*	179,892	*	179,892	*
Sameer Narang (8)	—	*	—	*	—	*
Jeffrey York	147,088	*	147,088	*	147,088	*
All directors and executive officers as a group (14 persons) (11)	12,184,416	17.0%	12,184,416	13.7%	12,184,416	13.3%

* Indicates beneficial ownership of less than 1%.

(1) Reflects shares directly held by H&F Globe Investor LP (the "H&F Investor"). The general partner of the H&F Investor is H&F Globe Investor GP LLC ("Globe Investor GP"). Hellman & Friedman Capital Partners VII (Parallel), L.P. ("HFCP VII") is the managing member of Globe Investor GP. Hellman & Friedman Investors VII, L.P. ("H&F Investors VII") is the general partner of HFCP VII. H&F Corporate Investors VII, Ltd. ("H&F VII") is the general partner of H&F Investors VII. As the general partner of H&F Investors VII, H&F VII may be deemed to have beneficial ownership of the shares of common stock beneficially owned by the H&F Investor. The board of directors of H&F VII consists of Philip U. Hammarskjold, David R. Tunnell and Allen Thorpe. Each of the members of the board of directors of H&F VII disclaims beneficial ownership of such shares of our common stock. The address of each entity named in this footnote is c/o Hellman & Friedman LLC, 415 Mission Street, Suite 5700, San Francisco, California 94105.

(2) Consists of 1,086,090 shares issuable upon the exercise of options exercisable within 60 days following June 10, 2019 directly held by Mr. Lindberg, 2,651,670 shares directly held by the Lindberg Revocable Trust u/a/d 2/14/06 of which Mr. Lindberg is a Trustee, 701,500 shares directly held by the Lindberg Irrevocable Trust u/a/d 5/12/17 of which Mr. Lindberg is a Trustee and 294,550 shares directly held by The Tuckernuck Limited Partnership of which The Read Family 2014 Irrevocable Trust, f/b/o Brady Read and The Read Family 2014 Irrevocable Trust, f/b/o Charlotte Read are the general partners. Mr. Lindberg is a Trustee of each of the general partners of The Tuckernuck Limited Partnership.

(3) Consists of 1,086,090 shares issuable upon the exercise of options exercisable within 60 days following June 10, 2019 directly held by Mr. Read, 2,307,975 shares directly held by The Nordlingen Trust dated 1/23/2012, as amended and restated, 9/17/2014 of which Mr. Read is a Trustee and 2,307,975 shares directly held by The Redmond Trust dated 10/19/2003, as amended and restated, 9/17/2014 of which Mr. Read is a Trustee.

(4) Consists of 289,624 shares issuable upon the exercise of options exercisable within 60 days following June 10, 2019.

(5) Includes 289,624 shares issuable upon the exercise of options exercisable within 60 days following June 10, 2019.
(6) Includes 193,080 shares issuable upon the exercise of options exercisable within 60 days following June 10, 2019.
(7) Includes 193,080 shares issuable upon the exercise of options exercisable within 60 days following June 10, 2019.
(8) The address of each of Messrs. Ragatz, Eisen and Narang is c/o Hellman & Friedman LLC, 415 Mission Street, Suite 5700, San Francisco, California 94105.
(9) Consists of 39,592 shares directly held by the Alterman Revocable Trust of which Mr. Alterman is a Trustee.
(10) Reflects shares directly held by the Thomas F. Herman Separate Property Trust of which Mr. Herman is a Trustee.
(11) Consists of 3,205,922 shares issuable upon the exercise of options exercisable within 60 days following June 10, 2019 and 8,978,494 shares held by our current executive officers and directors.

DESCRIPTION OF CAPITAL STOCK

General

In connection with this offering, we will amend and restate our certificate of incorporation and our bylaws. The following description summarizes the material terms of, and is qualified in its entirety by, our amended and restated certificate of incorporation and amended and restated bylaws, each of which will be in effect upon the consummation of this offering, the forms of which are filed as exhibits to the registration statement of which this prospectus is a part. For a complete description of our capital stock, you should refer to our amended and restated certificate of incorporation, amended and restated bylaws and the applicable provisions of Delaware laws. Under "Description of Capital Stock," "we," "us," "our," the "Company" and "our Company" refer to Grocery Outlet Holding Corp. and not to any of its subsidiaries.

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the General Corporation Law of the State of Delaware (the "DGCL"). Upon the consummation of this offering, our authorized capital stock will consist of 500,000,000 shares of common stock, par value $0.001 per share, and 50,000,000 shares of preferred stock, par value $0.001 per share. No shares of preferred stock will be issued or outstanding immediately after the public offering contemplated by this prospectus. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

Common Stock

Holders of our common stock will be entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our common stock do not have cumulative voting rights in the election of directors.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and subject to the rights of the holders of one or more outstanding series of preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common stock do not have preemptive, subscription, redemption sinking fund or conversion rights. The common stock will not be subject to further calls or assessment by us. All shares of our common stock that will be outstanding at the time of the completion of the offering will be fully paid and non-assessable. The rights, powers, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock or any series or class of stock we may authorize and issue in the future.

Preferred Stock

Our amended and restated certificate of incorporation will authorize our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or by the Nasdaq rules, the authorized shares of preferred stock will be available for issuance without further action by you, and holders of our common stock will not be entitled to vote on any amendment to our amended and restated certificate of incorporation that relates solely to the terms of any outstanding shares of preferred stock, if the holders of such shares of preferred stock are entitled to vote thereon. Our board of directors is authorized to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized shares of the class of stock) or decrease (but not below the number of shares then outstanding);

- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- redemption rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of our company;
- whether the shares of the series will be convertible into shares of any other class or series of the stock of our company, or any other security of our company or any other entity, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series of our capital stock; and
- the voting rights, if any, of the holders of the series.

We could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium for their common stock over the market price of the common stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock, including, without limitation, by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Dividends

Holders of our common stock will be entitled to receive dividends when, as and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to the rights of the holders or one or more outstanding series of our preferred stock.

The DGCL permits a corporation to declare and pay dividends out of “surplus” or, if there is no “surplus,” out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. “Surplus” is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Declaration and payment of any dividend will be subject to the discretion of our board of directors. The time and amount of such dividends, if any, will be dependent upon our financial condition, operations, compliance with applicable law, cash requirements and availability, debt repayment obligations, capital expenditure needs and restrictions in our debt instruments, contractual restrictions, business prospects, industry trends, the provisions of Delaware law affecting the payment of distributions to stockholders and any other factors our board of directors may consider relevant.

We do not expect to declare or pay any dividends on our common stock in the foreseeable future. In addition, our ability to pay dividends on our common stock is limited by the covenants of our credit facilities and may be further restricted by the terms of any future debt or preferred securities. See "Dividend Policy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities."

Annual Stockholder Meetings

Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that annual stockholder meetings will be held at a date, time and place, if any, as exclusively selected by our board of directors. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Effects of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and Certain Provisions of Delaware Law

Our amended and restated certificate of incorporation and amended and restated bylaws will contain and the DGCL does contain provisions, which are summarized in the following paragraphs, that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these provisions may have the effect of delaying, deterring or preventing a merger or acquisition of our company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including attempts that might result in a premium over the prevailing market price for the shares of common stock held by stockholders.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of Nasdaq, which would apply if and so long as our common stock remains listed on Nasdaq, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of common stock. Additional shares that may be used in the future may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

Our board of directors may generally issue one or more series of preferred shares on terms calculated to discourage, delay or prevent a change of control of our company or the removal of our management. Moreover, our authorized but unissued shares of preferred stock will be available for future issuances in one or more series without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, to facilitate acquisitions and employee benefit plans.

One of the effects of the existence of authorized and unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Classified Board of Directors

Our amended and restated certificate of incorporation will provide that, subject to the right of holders of any series of preferred stock, our board of directors will be divided into three classes of directors, with the classes

to be as nearly equal in number as possible, and with the directors serving staggered three-year terms, with only one class of directors being elected at each annual meeting of stockholders. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board of directors. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the board of directors; however, if at any time the H&F Investor owns at least 40% in voting power of the stock of our Company entitled to vote generally in the election of directors, the stockholders may also fix the number of directors.

Business Combinations

We will opt out of Section 203 of the DGCL; however, our amended and restated certificate of incorporation will contain similar provisions providing that we may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares;
- at or subsequent to that time, the business combination is approved by our board of directors and by the affirmative vote of holders of at least 66 2/3% of our outstanding voting stock that is not owned by the interested stockholder; or
- the stockholder became an interested stockholder inadvertently and (i) as soon as practicable divested itself of sufficient ownership to cease to be an interested stockholder and (ii) had not been an interested stockholder but for the inadvertent acquisition of ownership within three years of the business combination.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of our outstanding voting stock. For purposes of this section only, "voting stock" has the meaning given to it in Section 203 of the DGCL.

Under certain circumstances, this provision will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with our company for a three-year period. This provision may encourage companies interested in acquiring our Company to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our board of directors and may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Our amended and restated certificate of incorporation will provide that the H&F Investor, and any of its respective direct or indirect transferees and any group as to which such persons or entities are a party, does not constitute an "interested stockholder" for purposes of this provision.

Removal of Directors; Vacancies

Under the DGCL, unless otherwise provided in our amended and restated certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our amended and restated certificate of incorporation will provide that, other than directors elected by holders of our preferred stock, if any, directors may be removed with or without cause upon the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote thereon, voting together as a single class; provided, however, at any time when the H&F Investor beneficially owns less than 40% in voting power of the stock of our company entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of our company entitled to vote thereon, voting together as a single class. In addition, our amended and restated certificate of incorporation will also provide that, subject to the rights granted to one or more series of preferred stock then outstanding, any newly created directorship on the board of directors that results from an increase in the number of directors and any vacancies on our board of directors will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, or by a sole remaining director or by the stockholders; provided, however, at any time when the H&F Investor beneficially owns less than 40% in voting power of the stock of our company entitled to vote generally in the election of directors, any newly created directorship on the board of directors that results from an increase in the number of directors and any vacancy occurring in the board of directors may only be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director (and not by the stockholders). Our amended and restated certificate of incorporation will provide that the board of directors may increase the number of directors by the affirmative vote of a majority of the directors or, at any time when the H&F Investor beneficially owns at least 40% of the voting power of the stock of our Company entitled to vote generally in the election of directors, of the stockholders.

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation will not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of our stock entitled to vote generally in the election of directors will be able to elect all of our directors.

Special Stockholder Meetings

Our amended and restated certificate of incorporation will provide that special meetings of our stockholders may be called at any time only by or at the direction of the board of directors or the chairman of the board of directors; provided, however, at any time when the H&F Investor beneficially owns, in the aggregate, at least 40% in voting power of the stock of our company entitled to vote generally in the election of directors, special meetings of our stockholders shall also be called by the board of directors or the chairman of the board of directors at the request of the H&F Investor. Our amended and restated bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our Company.

Requirements for Advance Notification of Director Nominations and Stockholder Proposals

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be properly brought before a meeting of our stockholders, a stockholder will have to comply with advance notice requirements and provide us with certain information. Generally, to be timely, a stockholder’s notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first

anniversary date of the immediately preceding annual meeting of stockholders. Our amended and restated bylaws will also specify requirements as to the form and content of a stockholder's notice. Our amended and restated bylaws will allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings, which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also deter, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of our company.

Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will preclude stockholder action by written consent at any time when the H&F Investor beneficially owns less than 40% in voting power of the stock of our Company entitled to vote generally in the election of directors, other than certain rights that holders of our preferred stock may have to act by written consent.

Supermajority Provisions

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that the board of directors is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, our bylaws without a stockholder vote in any matter not inconsistent with Delaware law or our amended and restated certificate of incorporation. In addition, for as long as the H&F Investor beneficially owns at least 40% in voting power of the stock of our company entitled to vote generally in the election of directors, any amendment, alteration, rescission or repeal of our bylaws by our stockholders will require the affirmative vote of a majority in voting power of the outstanding shares of our stock present in person or represented by proxy at the meeting of stockholders and entitled to vote on such amendment, alteration, change, addition, rescission, change, addition or repeal. At any time when the H&F Investor beneficially owns less than 40% in voting power of all outstanding shares of the stock of our company entitled to vote generally in the election of directors, any amendment, alteration, rescission, change, addition or repeal of our bylaws by our stockholders will require the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of our Company entitled to vote thereon, voting together as a single class.

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a corporation's certificate of incorporation, unless the certificate of incorporation requires a greater percentage.

Our amended and restated certificate of incorporation will provide that at any time when the H&F Investor beneficially owns less than 40% in voting power of the stock of our Company entitled to vote generally in the election of directors, the following provisions in our amended and restated certificate of incorporation may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of our company entitled to vote thereon, voting together as a single class:

- the provision requiring a 66 2/3% supermajority vote for stockholders to amend our amended and restated bylaws;
- the provisions providing for a classified board of directors (the election and term of our directors);
- the provisions regarding resignation and removal of directors;

- the provisions regarding competition and corporate opportunities;
- the provisions regarding Section 203 of the DGCL and entering into business combinations with interested stockholders;
- the provisions regarding stockholder action by written consent;
- the provisions regarding calling annual or special meetings of stockholders;
- the provisions regarding filling vacancies on our board of directors and newly created directorships;
- the provisions eliminating monetary damages for breaches of fiduciary duty by a director;
- the provisions regarding forum selection; and
- the amendment provision requiring that the above provisions be amended only with a 66 2/3% supermajority vote.

The combination of the classification of our board of directors, the lack of cumulative voting and the supermajority voting requirements will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Because our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

These provisions may have the effect of deterring hostile takeovers or delaying or preventing changes in control of our management or our company, such as a merger, reorganization or tender offer. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of our company. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. These provisions are also intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts. Such provisions may also have the effect of preventing changes in management of our company.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the incident to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Exclusive Forum

Our amended and restated bylaws will provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be

the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of our company to our company or our company's stockholders, (iii) action asserting a claim against our company or any director, officer or other employee of our company arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or our amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) action asserting a claim against our company or any director, officer or other employee of our company governed by the internal affairs doctrine. These provisions shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Unless the Company consents in writing to the selections of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of our company shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. However, it is possible that a court could find our forum selection provisions to be inapplicable or unenforceable.

Conflicts of Interest

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation will, to the maximum extent permitted from time to time by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are our or our subsidiaries' employees. Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, none of the H&F Investor or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar business activities or lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that the H&F Investor or any non-employee director acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself, or herself, or its or his, or her, affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our amended and restated certificate of incorporation will not renounce our interest in any business opportunity that is expressly offered to a non-employee director solely in his or her capacity as a director or officer of our company. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity under our amended and restated certificate of incorporation, we have sufficient financial resources to undertake the opportunity and the opportunity would be in line with our business.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our amended and restated certificate of incorporation will include a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director if the

director has acted in bad faith, knowingly or intentionally violated a law during the performance of his or her duties, fiduciary or otherwise, owed to us, authorized illegal dividends, repurchases or redemptions or derived an improper benefit from his or her actions as a director.

Our amended and restated bylaws will provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also will be expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance will be useful to attract and retain qualified directors and executive officers.

The limitation of liability, indemnification and advancement provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, any investment in our common stock may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

We have entered, or will enter, into an indemnification agreement with each of our directors and officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under the DGCL against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer and Trust Company, LLC.

Listing

We have applied to have our shares of common stock listed on Nasdaq under the symbol "GO."

SHARES ELIGIBLE FOR FUTURE SALE

General

Prior to this offering, there has not been a public market for our common stock, and we cannot predict what effect, if any, market sales of shares of common stock or the availability of shares of common stock for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of common stock, including shares issued upon the exercise of outstanding options, in the public market, or the perception that such sales could occur, could materially and adversely affect the market price of our common stock and could impair our future ability to raise capital through the sale of our equity or equity-related securities at a time and price that we deem appropriate. See "Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock—Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our common stock to decline."

Upon the consummation of this offering, we will have 85,703,639 shares of common stock outstanding. All shares sold in this offering will be freely tradable without registration under the Securities Act and without restriction, except for (i) shares held by our "affiliates" (as defined under Rule 144) and (ii) any shares purchased in our directed share program that are subject to the lock-up agreements described below. The shares of common stock held by the H&F Investor and certain of our directors, officers and employees after this offering will be "restricted" securities under the meaning of Rule 144 and may not be sold in the absence of registration under the Securities Act, unless an exemption from registration is available, including the exemptions pursuant to Rule 144 under the Securities Act.

Pursuant to Rule 144, the restricted shares held by our affiliates will be available for sale in the public market at various times after the date of this prospectus following the expiration of the applicable lock-up period.

In addition, a total of 4,597,862 shares of our common stock has been reserved for issuance under our 2014 Stock Plan and 2019 Incentive Plan (subject to adjustments for stock splits, stock dividends and similar events), which will equal approximately 5.4% of the shares of our common stock outstanding immediately following this offering. We intend to file one or more registration statements on Form S-8 under the Securities Act to register common stock issued or reserved for issuance under our 2014 Stock Plan and 2019 Incentive Plan. Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions or the lock-up restrictions described below.

Rule 144

In general, under Rule 144 of the Securities Act, as currently in effect, a person (or persons whose shares are deemed aggregated) who is not deemed to be or have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate, is entitled to sell such shares without registration, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of a prior owner other than an affiliate, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

Under Rule 144, our affiliates or persons selling shares on behalf of our affiliates, who have met the six-month holding period for beneficial ownership of "restricted shares" of our common stock, are entitled to sell within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 857,036 shares immediately after this offering; or

- the average reported weekly trading volume of our common stock on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our common stock after this offering because a great supply of shares would be, or would be perceived to be, available for sale in the public market.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, any of our employees, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement in a transaction that was completed in reliance on Rule 701, and complied with the requirements of Rule 701, will be eligible to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, but without compliance with certain restrictions, including the holding period, contained in Rule 144.

Lock-Up Agreements

In connection with this offering, we, our officers, directors and all significant equity holders have agreed with the underwriters, subject to certain exceptions, not to sell, dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of common stock during the period ending 180 days after the date of this prospectus, except with the prior written consent of the representatives of the underwriters.

Immediately following the consummation of this offering, equity holders subject to lock-up agreements will hold 68,034,182 shares of our common stock, representing approximately 79.4% of our then outstanding shares of common stock, or approximately 77.1% if the underwriters exercise in full their option to purchase additional shares.

We have agreed not to issue, sell or otherwise dispose of any shares of our common stock during the 180-day period following the date of this prospectus. We may, however, grant options to purchase shares of common stock, issue shares of common stock upon the exercise of outstanding options, issue shares of common stock in connection with an acquisition or business combination or an employee stock purchase plan and in certain other circumstances.

CERTAIN UNITED STATES FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of certain United States federal income and estate tax consequences of the purchase, ownership and disposition of our common stock as of the date hereof. Except where noted, this summary deals only with common stock that is held as a capital asset by a non-U.S. holder (as defined below).

A "non-U.S. holder" means a beneficial owner of our common stock (other than an entity treated as a partnership for United States federal income tax purposes) that is not, for United States federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income and estate tax consequences different from those summarized below. This summary does not address all aspects of United States federal income and estate taxes and does not deal with foreign, state, local or other tax considerations that may be relevant to non-U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income and estate tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including if you are a United States expatriate, foreign pension fund, "controlled foreign corporation," "passive foreign investment company" or a partnership or other pass-through entity for United States federal income tax purposes). We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common stock, you should consult your tax advisors.

If you are considering the purchase of our common stock, you should consult your own tax advisors concerning the particular United States federal income and estate tax consequences to you of the purchase, ownership and disposition of our common stock, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

Dividends

In the event that we make a distribution of cash or other property (other than certain pro rata distributions of our stock) in respect of our common stock, the distribution generally will be treated as a dividend for United States federal income tax purposes to the extent it is paid from our current or accumulated earnings

and profits, as determined under United States federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits generally will be treated first as a tax-free return of capital, causing a reduction in the adjusted tax basis of a non-U.S. holder's common stock, and to the extent the amount of the distribution exceeds a non-U.S. holder's adjusted tax basis in our common stock, the excess will be treated as gain from the disposition of our common stock (the tax treatment of which is discussed below under "—Gain on Disposition of Common Stock").

Dividends paid to a non-U.S. holder generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to United States federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to provide the applicable withholding agent with a properly executed Internal Revenue Service, or the IRS, Form W-BEN or Form W-8BEN-E (or other applicable form) certifying under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if our common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable United States Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder eligible for a reduced rate of United States federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Gain on Disposition of Common Stock

Subject to the discussion of backup withholding and FATCA below, any gain realized by a non-U.S. holder on the sale or other disposition of our common stock generally will not be subject to United States federal income or withholding tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a "United States real property holding corporation" for United States federal income tax purposes and certain other conditions are met.

A non-U.S. holder described in the first bullet point immediately above will be subject to tax on the gain derived from the sale or other disposition in the same manner as if the non-U.S. holder were a United States person as defined under the Code. In addition, if any non-U.S. holder described in the first bullet point immediately above is a foreign corporation, the gain realized by such non-U.S. holder may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a

30% (or such lower rate as may be specified by an applicable income tax treaty) tax on the gain derived from the sale or other disposition, which gain may be offset by United States source capital losses even though the individual is not considered a resident of the United States.

Generally, a corporation is a "United States real property holding corporation" if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for United States federal income tax purposes). We believe we are not and do not anticipate becoming a "United States real property holding corporation" for United States federal income tax purposes.

Federal Estate Tax

Common stock held by an individual non-U.S. holder at the time of death will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

Distributions paid to a non-U.S. holder and the amount of any tax withheld with respect to such distributions generally will be reported to the IRS. Copies of the information returns reporting such distributions and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will not be subject to backup withholding on dividends received if such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of our common stock made within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a non-U.S. holder's United States federal income tax liability provided the required information is timely furnished to the IRS.

Additional Withholding Requirements

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), a 30% United States federal withholding tax may apply to any dividends paid on our common stock to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial United States beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "—Dividends," the withholding under FATCA may be credited against, and therefore reduce, such

other withholding tax. FATCA withholding may also apply to payments of gross proceeds of dispositions of our common stock, although under recently proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization), no withholding will apply on payments of gross proceeds. You should consult your own tax advisors regarding these requirements and whether they may be relevant to your ownership and disposition of our common stock.

UNDERWRITING (CONFLICTS OF INTEREST)

BofA Securities, Inc., Morgan Stanley & Co. LLC, Deutsche Bank Securities Inc. and Jefferies LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
BofA Securities, Inc.	
Morgan Stanley & Co. LLC	
Deutsche Bank Securities Inc.	
Jefferies LLC	
Barclays Capital Inc.	
Goldman Sachs & Co. LLC	
Guggenheim Securities, LLC	
UBS Securities LLC	
Cowen and Company, LLC	
Telsey Advisory Group	
Drexel Hamilton, LLC	
Penserra Securities LLC	
Total	17,187,150

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to us	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $8.1 million and are payable by us. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to $40,000. The underwriters have agreed to reimburse us for certain documented expenses incurred in connection with this offering.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to 2,578,125 additional shares at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

Reserved Shares

At our request, the underwriters have reserved up to 859,375 shares of common stock, or up to 5% of the shares offered by this prospectus, for sale at the initial public offering price through a directed share program to our directors, officers, employees, independent operators, business associates and related persons. The sales will be made at our direction by Morgan Stanley & Co. LLC and its affiliates through a directed share program. The number of shares of our common stock available for sale to the general public in this offering will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of common stock offered by this prospectus. Participants in the directed share program will not be subject to lockup or market standoff restrictions with the underwriters or with us with respect to any shares purchased through the directed share program, except in the case of shares purchased by any director or executive officer. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the shares reserved for the directed share program.

No Sales of Similar Securities

We, our executive officers and directors and our other existing security holders have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of BofA Securities, Inc. and Morgan Stanley & Co. LLC. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,

- request or demand that we file or make a confidential submission of a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Nasdaq Global Select Market Listing

We expect the shares to be approved for listing on Nasdaq under the symbol "GO."

In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by

short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on Nasdaq, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Conflicts of Interest

An affiliate of Goldman Sachs & Co. LLC held a portion of the outstanding balance of our term loan under the Second Lien Credit Agreement in the aggregate amount of $13.3 million as of June 7, 2019, and, as a result, will receive at least 5% of the proceeds from this offering. See "Use of Proceeds." Because of the manner in which the proceeds will be used, the offering will be conducted in accordance with FINRA Rule 5121. In accordance with that rule, no "qualified independent underwriter" is required because the underwriters primarily responsible for managing this offering are free of any conflict of interest, as that term is defined in the rule. Additionally, pursuant to FINRA Rule 5121, Goldman Sachs & Co. LLC will not confirm sales of securities to any account over which they exercise discretionary authority without the prior written approval of the customer.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates, including as lenders under the revolving credit facility and term loans under both the First Lien Credit Agreement and the Second Lien Credit Agreement. They have received, or may in the future receive, customary fees and commissions for these transactions.

Each of BofA Securities, Inc., an affiliate of Morgan Stanley & Co. LLC, Deutsche Bank Securities Inc. and an affiliate of Jefferies LLC serves as a joint lead arranger and a joint book runner under our Credit Facilities. Certain of the underwriters and their affiliates held a portion of the outstanding balance of our term loan under the First Lien Credit Agreement in an aggregate amount of $0.2 million as of June 7, 2019 and a portion of the outstanding balance of our term loan under the Second Lien Credit Agreement in an aggregate amount of $13.3 million as of June 7, 2019 and, as a result, will receive a portion of the proceeds from this offering. See "Use of Proceeds." Additionally, an affiliate of BofA Securities, Inc. has provided advisory services and certain debt financing to both H&F and us.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

European Economic Area

In relation to each member state of the European Economic Area, no offer of ordinary shares which are the subject of the offering has been, or will be made to the public in that Member State, other than under the following exemptions under the Prospectus Directive:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of ordinary shares referred to in (a) to (c) above shall result in a requirement for us or any Representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person located in a Member State to whom any offer of ordinary shares is made or who receives any communication in respect of an offer of ordinary shares, or who initially acquires any ordinary shares will be deemed to have represented, warranted, acknowledged and agreed to and with each Representative and us that (1) it is a "qualified investor" within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; and (2) in the case of any ordinary shares acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the ordinary shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Representatives has been given to the offer or resale; or where ordinary shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those ordinary shares to it is not treated under the Prospectus Directive as having been made to such persons.

We, the Representatives and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgments and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for

offers of shares. Accordingly any person making or intending to make an offer in that Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for us or any of the Representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the Representatives have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for us or the Representatives to publish a prospectus for such offer.

For the purposes of this provision, the expression an "offer of ordinary shares to the public" in relation to any ordinary shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ordinary shares to be offered so as to enable an investor to decide to purchase or subscribe the ordinary shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in each Member State.

The above selling restriction is in addition to any other selling restrictions set out below.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt

Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in

Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- where no consideration is or will be given for the transfer;

- where the transfer is by operation of law;

- as specified in Section 276(7) of the SFA; or

- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a

misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Simpson Thacher & Bartlett LLP, Palo Alto, California. Certain legal matters relating to this offering will be passed upon for the underwriters by Davis Polk & Wardwell LLP, Menlo Park, California.

EXPERTS

The consolidated financial statements as of December 31, 2016, December 30, 2017 and December 29, 2018 and for each of the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018 included in this prospectus and the related financial statement schedule included in this prospectus, have been audited by Deloitte & Touche LLP ("Deloitte"), an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the registration statement. Such consolidated financial statements and financial statement schedule have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Deloitte advised the Audit and Risk Management Committee of the Company's board of directors that in 2017 and 2018 a different member firm of Deloitte Touche Tohmatsu Limited had performed certain non-audit services (i.e., a loan staff arrangement to support accounting, bookkeeping, human resource, and certain administrative functions) for a foreign subsidiary of another company owned by funds affiliated with H&F (the "H&F Funds"). These non-audit services were deemed to be prohibited management functions under the SEC's auditor independence rules.

Deloitte informed the Audit and Risk Management Committee that Deloitte maintained objectivity and impartiality on all issues encompassed within its audits of the Company's consolidated financial statements for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018 because:

- the impermissible non-audit services had no impact on the Company's financial statements and were not subject to Deloitte's audits;
- Deloitte's audit team for the Company had not been previously aware of the impermissible non-audit services and was not involved in the provision of such services;
- the impermissible non-audit services have been terminated; and
- the impermissible non-audit services had been performed for a subsidiary of a H&F Funds portfolio company that is immaterial to the H&F Funds and unrelated to the Company (other than the common ownership of the H&F Funds).

After considering the facts and circumstances, the Audit and Risk Management Committee concurred with Deloitte's conclusion that, for the reasons described above, the impermissible services did not impair Deloitte's objectivity and impartiality with respect to the planning and execution of the audits of the Company's consolidated financial statements for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus is a part of the registration statement and does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common stock, you should refer to the registration statement and its exhibits and schedules.

We will file annual, quarterly and special reports and other information with the SEC. Our filings with the SEC will be available to the public on the SEC's website at http://www.sec.gov. Those filings will also be available to the public on, or accessible through, our website under the heading "Investor Relations" at www.groceryoutlet.com. The information we file with the SEC or contained on or accessible through our corporate website or any other website that we may maintain is not part of this prospectus or the registration statement of which this prospectus is a part.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Grocery Outlet Holding Corp.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Grocery Outlet Holding Corp. and its subsidiaries (the "Company") as of December 30, 2017 and December 29, 2018, the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows, for each of the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018, and the related notes and Schedule I listed in the Index to the Consolidated Financial Statements (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 29, 2018 and December 30, 2017, and the results of its operations and its cash flows for each of the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California
March 26, 2019 (June 7, 2019 as to the effects of the stock split discussed in the third paragraph of Note 1)

We have served as the Company's auditor since 2007.

GROCERY OUTLET HOLDING CORP.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 30, 2017 AND DECEMBER 29, 2018
(in thousands)

	December 30, 2017	December 29, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 5,801	$ 21,063
Independent operator receivables and current portion of independent operator notes, net of allowance $2,049 and $1,141	4,495	5,056
Other accounts receivable, net of allowance $66 and $24	2,187	2,069
Merchandise inventories	183,012	198,304
Prepaid rent—related party	567	512
Prepaid expenses and other current assets	11,494	13,368
Total current assets	207,556	240,372
Independent operator notes, net of allowance $6,982 and $7,926	7,489	13,646
Property and equipment—net	277,746	304,032
Intangible assets—net	75,665	68,824
Goodwill	747,943	747,943
Other assets	1,472	2,045
Total assets	$ 1,317,871	$ 1,376,862

(Continued)

GROCERY OUTLET HOLDING CORP.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 30, 2017 AND DECEMBER 29, 2018
(in thousands, except share and per share amounts)

	December 30, 2017	December 29, 2018
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	$ 95,555	$ 98,123
Accrued expenses	15,997	31,194
Accrued compensation	11,370	10,795
Current portion of long-term debt	5,384	7,349
Income and other taxes payable	3,026	3,463
Total current liabilities	131,332	150,924
Long-term liabilities:		
Long-term debt—net	705,502	850,019
Deferred income taxes	9,304	15,135
Deferred rent	44,600	60,833
Total liabilities	$ 890,738	$ 1,076,911
Commitments and contingencies (see Note 10)		
Stockholders' equity:		
Capital stock:		
Common stock—par value $0.001, voting common stock, 107,536,215 shares authorized, 67,435,288 and 67,381,104 shares issued and outstanding as of December 29, 2018 and December 30, 2017	$ 67	$ 67
Common stock—par value $0.001, nonvoting common stock, 17,463,785 shares authorized, 1,038,413 shares issued and outstanding as of December 29, 2018 and December 30, 2017	1	1
Series A Preferred stock—par value $0.001, nonvoting preferred stock, 1 share authorized, 1 share issued and outstanding as of December 29, 2018 and December 30, 2017	—	—
Additional capital	403,289	287,457
Retained earnings	23,776	12,426
Total stockholders' equity	427,133	299,951
Total liabilities and stockholders' equity	$ 1,317,871	$ 1,376,862

(Concluded)

See notes to consolidated financial statements.

GROCERY OUTLET HOLDING CORP.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2016, DECEMBER 30, 2017 AND DECEMBER 29, 2018
(in thousands, except per share data)

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Net sales	$ 1,831,531	$ 2,075,465	$ 2,287,660
Cost of sales	1,270,354	1,443,582	1,592,263
Gross profit	561,177	631,883	695,397
Operating expenses:			
Selling, general and administrative	457,051	510,136	557,100
Depreciation and amortization	37,152	43,152	45,421
Stock-based compensation	2,905	1,659	10,409
Total operating expenses	497,108	554,947	612,930
Income from operations	64,069	76,936	82,467
Other expense:			
Interest expense, net	47,147	49,698	55,362
Debt extinguishment and modification costs	—	1,466	5,253
Total other expense	47,147	51,164	60,615
Income before income taxes	16,922	25,772	21,852
Income tax expense	6,724	5,171	5,984
Net income and comprehensive income	$ 10,198	$ 20,601	$ 15,868
Basic earnings per share	$ 0.15	$ 0.30	$ 0.24
Diluted earnings per share	$ 0.15	$ 0.30	$ 0.23
Weighted average shares outstanding:			
Basic	68,260	68,232	68,473
Diluted	68,323	68,332	68,546
Unaudited pro forma basic earnings per share (Note 11)			$ 0.22
Unaudited pro forma diluted earnings per share (Note 11)			$ 0.22
Unaudited pro forma weighted average shares outstanding (Note 11):			
Basic			76,276
Diluted			76,349

See notes to consolidated financial statements.

GROCERY OUTLET HOLDING CORP.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2016, DECEMBER 30, 2017 AND DECEMBER 29, 2018
(in thousands, except share amounts)

	Voting Common		Nonvoting Common		Preferred		Additional	Retained Earnings (Accumulated	Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit)	Equity
Balance—January 2, 2016	67,319,361	$ 67	1,087,322	$ 1	1	$ —	$ 486,739	$ (7,023)	$ 479,784
Issuance of shares	61,743	—	1,015	—			172		172
Repurchase of shares			(28,060)	—			(253)		(253)
Stock based compensation							2,905		2,905
Dividend paid							(86,454)		(86,454)
Net income and comprehensive income								10,198	10,198
Balance—December 31, 2016	67,381,104	$ 67	1,060,277	$ 1	1	$ —	$ 403,109	$ 3,175	$ 406,352
Issuance of shares			2,272	—					—
Repurchase of shares			(24,136)	—			(172)		(172)
Stock based compensation							1,659		1,659
Dividend paid							(1,307)		(1,307)
Net income and comprehensive income								20,601	20,601
Balance—December 30, 2017	67,381,104	$ 67	1,038,413	$ 1	1	$ —	$ 403,289	$ 23,776	$ 427,133
Cumulative effect of accounting change								133	133
Issuance of shares	54,184	—	2,946	—			29		29
Repurchase of shares			(2,946)	—			(34)		(34)
Stock based compensation							10,409		10,409
Dividend paid							(126,236)	(27,351)	(153,587)
Net income and comprehensive income								15,868	15,868
Balance—December 29, 2018	67,435,288	$ 67	1,038,413	$ 1	1	$ —	$ 287,457	$ 12,426	$ 299,951

See notes to consolidated financial statements.

GROCERY OUTLET HOLDING CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2016, DECEMBER 30, 2017 AND DECEMBER 29, 2018
(in thousands)

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Operating activities:			
Net income	$ 10,198	$ 20,601	$ 15,868
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	26,391	31,812	37,052
Amortization of intangible assets	10,761	11,344	10,005
Impairment of long-lived assets	—	—	637
Amortization of debt issuance costs	4,301	4,442	4,024
Amortization of bond discounts	—	—	84
Debt extinguishment and modification costs	—	1,466	5,253
Loss on disposal of assets	519	549	669
Stock-based compensation	2,905	1,659	10,409
Accounts receivable reserve	4,018	3,004	749
Deferred lease liabilities	14,404	13,152	16,233
Deferred income taxes	6,579	4,745	5,831
Changes in operating assets and liabilities:			
Independent operator and other accounts receivable	(392)	(2,595)	(642)
Merchandise inventories	(20,439)	(18,202)	(15,292)
Prepaid expenses and other current assets	(1,887)	(1,346)	(1,543)
Income and other taxes payable	1,439	881	159
Trade accounts payable	10,041	10,255	3,936
Accrued expenses	814	2,250	12,954
Accrued compensation	1,223	686	(575)
Net cash provided by operating activities	70,875	84,703	105,811
Investing activities:			
Cash advances to independent operators	(7,461)	(8,471)	(10,456)
Repayments of cash advances from independent operators	3,948	3,511	3,749
Purchase of property and equipment	(58,701)	(71,066)	(64,762)
Proceeds from sales of assets	948	1,262	1,092
Intangible assets, deposits and licenses	(4,150)	(3,056)	(3,173)
Net cash used in investing activities	(65,416)	(77,820)	(73,550)

(Continued)

GROCERY OUTLET HOLDING CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2016, DECEMBER 30, 2017 AND DECEMBER 29, 2018
(in thousands)

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Financing activities:			
Proceeds from 2014 loans	$ 90,000	$ —	$ —
Proceeds from 2018 loans	—	—	871,688
Principal payments on 2014 loans	(5,173)	(5,317)	(725,010)
Payments on capital lease	(49)	(89)	(94)
Dividends paid	(86,454)	(1,307)	(153,587)
Issuance of shares	172	—	29
Repurchase of shares	(253)	(172)	(34)
Debt issuance costs paid	(2,571)	(1,050)	(9,991)
Net cash used in financing activities	(4,328)	(7,935)	(16,999)
Net increase (decrease) in cash and cash equivalents	1,131	(1,052)	15,262
Cash and cash equivalents—Beginning of period	5,722	6,853	5,801
Cash and cash equivalents—End of period	$ 6,853	$ 5,801	$ 21,063
Supplemental cash flow information—Cash paid:			
Interest	$ 43,301	$ 45,836	$ 47,305
Income taxes refunded (paid) in cash	$ 885	$ 66	$ (289)
Noncash investing and financing activities:			
Purchases of property and equipment included in accounts payable	$ 8,218	$ 6,883	$ 7,851

(Concluded)

See notes to consolidated financial statements.

GROCERY OUTLET HOLDING CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 30, 2017 AND DECEMBER 29, 2018 AND FOR THE YEARS ENDED DECEMBER 31, 2016, DECEMBER 30, 2017 AND DECEMBER 29, 2018.

1. Organization and Summary of Significant Accounting Policies

The Company—Grocery Outlet Holding Corp. ("GO Holding"), which is majority-owned by a private equity investment fund, owns 100% of Globe Intermediate Corp. ("Intermediate"), which owns 100% of GOBP Holdings, Inc. ("Holdings"), which owns 100% of GOBP Midco, Inc. ("Midco"), which owns 100% of Grocery Outlet Inc. ("GOI"), a high-growth, extreme value retailer of quality, name-brand consumables and fresh products sold through a network of independently operated stores. GOI owns 100% of Amelia's LLC ("Amelia's"), also an extreme value retailer of quality, name-brand consumables and fresh products (GO Holding and its subsidiaries, the "Company"). The product offering is ever-changing with a constant rotation of opportunistic products, complemented by everyday staples across grocery, produce, refrigerated and frozen foods, beer and wine, fresh meat and seafood, general merchandise and health and beauty care.

The Company has 296 stores in five western states, as well as 20 stores in Pennsylvania. All stores, except for two Company-operated stores in California and six in Pennsylvania, are independent business entities operated by entrepreneurial small business owners with a relentless focus on selecting the best products for their communities, providing personalized customer service and driving improved store performance. The Company enters into an independent operator agreement ("Operator Agreement") with each independent operator ("IO"), which grants that IO a license to operate a particular Grocery Outlet Bargain Market retail store. The Operator Agreement requires the IO to be a business entity owned by one or more individuals. The vast majority of the IOs operate a single store, with most working as two-person teams. IOs are independent businesses and are responsible for store operations, including ordering, merchandising and managing inventory, marketing locally and directly hiring, training and employing their store workers.

Forward Stock Split—On June 6, 2019, the Company effected a 1.403 for 1 forward stock split. All share amounts have been adjusted retroactively for the impact of this forward stock split for all periods presented.

Principles of Consolidation—The accompanying consolidated financial statements include GO Holding and its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation. See discussion below on variable interest entities for further information.

Fiscal Year—The Company's fiscal year ends on the Saturday closest to December 31. The fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018 all contained 52 weeks.

Use of Estimates—The preparation of consolidated 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, 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. Actual results can differ from these estimates depending upon certain risks and uncertainties, and changes in these estimates are recorded when known.

Cash and Cash Equivalents—The Company considers all highly liquid investments, purchased with original maturities of three months or less, to be cash equivalents. All cash equivalents are unrestricted and available for immediate use.

Allowance for IO Receivables and Notes and Other Accounts Receivable—The Company maintains allowances and accruals for estimated losses of amounts advanced to independent operators and other third parties determined to be uncollectible. See Note 2 for a detail of these amounts as of December 30, 2017 and December 29, 2018.

Concentrations of Credit Risk—Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents including money market funds and notes and accounts receivables. Although the Company deposits its cash with creditworthy financial institutions, its deposits, at times, may exceed federally insured limits. To date, the Company has not experienced any losses on its cash deposits. No individual customer or independent operator accounted for greater than 10% of the Company's sales for the years ended December 31, 2016, December 30, 2017 and December 29, 2018 and no individual customer or independent operator accounted for 10% or greater accounts receivable and notes receivable as of December 30, 2017 and December 29, 2018.

Merchandise Inventories—Merchandise inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out weighted-average cost method for warehouse inventories and the retail inventory method for store inventories. The Company provides for estimated inventory losses between physical inventory counts based on historical averages. This provision is adjusted periodically to reflect the actual shrink results of the physical inventory counts.

Property and Equipment—Property and equipment is stated at cost and includes expenditures for significant improvements to leased premises.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, generally ranging from three to 15 years. Amortization of leasehold improvements is computed based on the shorter of their estimated useful life or the remaining terms of the lease. Remaining terms of leases currently range from one to 20 years.

The Company evaluates events and changes in circumstances that could indicate carrying amounts of long-lived assets, including property and equipment, may not be recoverable. When such events or changes in circumstances occur, the Company assesses the recoverability of long-lived assets by determining whether or not the carrying value of such assets will be recovered through undiscounted future cash flows derived from their use and eventual disposition. For purposes of this assessment, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If the sum of the undiscounted future cash flows is less than the carrying amount of an asset, the Company records an impairment loss for the amount by which the carrying amount of the assets exceeds its fair value. The Company recorded an impairment charge of $0.6 million in the year ended December 29, 2018. There were no impairment charges recorded in the years ended December 31, 2016 or December 30, 2017.

Deferred Rent—The Company recognizes rent holidays at the earlier of the first rent payment or from the period of time the Company has possession of the property, as well as tenant allowances and escalating rent provisions, on a straight-line basis over the expected term of the operating lease. The expected term may also include the exercise of renewal options if such exercise is determined to be reasonably assured and is used to determine whether the lease is capital or operating. Deferred rent is included in long-term liabilities.

Construction Allowances—As part of certain lease agreements, the Company receives construction allowances from landlords. The construction allowances are deferred and amortized on a straight-line basis over the life of each respective lease as a reduction to rent expense.

Debt Issuance Costs—Debt issuance costs are amortized using the straight-line method over the term of the related credit agreements which approximates the effective interest rate method. Debt issuance cost amortization is included in interest expense, net in the consolidated statements of operations. Debt issuance costs associated with the Company's senior term loans are presented on the Company's consolidated balance sheets as a direct reduction in the carrying value of the associated debt liability. Fees paid to lenders to obtain its secured revolving loan facility are presented as a non-current asset on the consolidated balance sheets in the Other Assets line item. Debt issuance cost amortization recognized was $4.3 million, $4.4 million and $4.0 million for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018, respectively.

Goodwill and Other Intangible Assets—The Company has both goodwill and intangible assets recorded on its consolidated balance sheet. Goodwill is not amortized, but rather is subject to an annual impairment test. The annual impairment testing date is the first day of the fourth quarter. Should certain events or indicators of impairment occur between annual impairment tests, the Company would perform an impairment test of goodwill at that date. In this analysis, the Company's assets and liabilities, including goodwill and other intangible assets, are assigned to the respective reporting unit. Measurement of an impairment loss would be based on the excess of the carrying amount of the reporting unit over its fair value.

The fair value of the reporting unit is determined using a combination of the income approach, which estimates the fair value of the reporting unit based on its discounted future cash flows, and two market approach methodologies, which estimate the fair value of the reporting unit based on market prices for publicly traded comparable companies as well as revenue and earnings multiples for merged and acquired companies in a similar industry. There were no goodwill impairment charges recorded for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018.

There were no changes in the carrying amount of goodwill for the fiscal years ended December 30, 2017 and December 29, 2018 and no impairments of goodwill have been recorded since its inception.

Intangible assets include trademarks, computer software, mailing lists and other intangible assets. The Company reviews its intangible assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount of the assets are not recoverable, the impairment is measured as the amount by which the carrying value of the asset exceeds its fair value. There were no impairments of intangible assets recognized for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018.

Trademarks represent the value of all the Company's trademarks and trade names in the marketplace. The Company is amortizing the value assigned to the trade name on a straight-line basis over 15 years.

Computer software includes both acquired software and eligible costs to develop internal-use software that are incurred during the application development stage. These assets are amortized over their estimated useful lives of three years.

Other intangible assets, including the unamortized fair value of previously acquired leasehold interests and mailing lists are amortized over their estimated useful lives, ranging from one to 20 years.

Stock-based Compensation—Stock-based compensation cost is measured at grant date, based on the fair value of the award, and is recognized on a straight-line method over the requisite service period for awards expected to vest. The Company estimates the fair value of employee stock-based payment awards subject to only a service condition on the date of grant using the Black-Scholes valuation model. The Black-Scholes model requires the use of highly subjective and complex assumptions, including the option's expected term and the price volatility of the underlying stock. The Company estimates the fair value of employee stock-based payment awards subject to both a market condition and the occurrence of a performance condition on the date of grant using a Monte Carlo simulation model that assumes the performance criteria will be met and the target payout levels will be achieved. The Company will continue to use the Black-Scholes and Monte Carlo models for option pricing following the consummation of this offering.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company recognizes compensation expense for awards expected to vest with only a service condition on a straight-line basis over the requisite service period, which is generally the award's vesting period. Vesting of these awards is accelerated for certain employees in the event of a change in control. Compensation expense for employee stock-based awards whose vesting is subject to the fulfillment of both a market condition and the occurrence of a performance condition is recognized on a graded-vesting basis at the time the achievement of the performance condition becomes probable.

The expected stock price volatility for the common stock was estimated by taking the average historic price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. Industry peers consist of several public companies in the Company's industry which are of similar size, complexity and stage of development. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury implied yield at the date of grant. The weighted-average expected term is determined with reference to historical exercise and post-vesting cancellation experience and the vesting period and contractual term of the awards. The forfeitures rate is estimated based on historical experience and expected future activity.

The fair value of shares of common stock underlying the stock options has historically been the determined by the Company's board of directors, with input from management. Because there has been no public market for the Company's common stock, the board of directors determined the fair value of common stock at the time of grant by considering a number of objective and subjective factors including independent third-party valuations of the Company's common stock, operating and financial performance, the lack of liquidity of the Company's capital stock and general and industry specific economic outlook, among other factors. Following the consummation of this offering, the fair value of our common stock will be the closing price of our common stock as reported on the date of grant.

Segment Reporting—The Company manages its business on the basis of one operating segment. All of the Company's sales were made to customers located in the United States and all property and equipment is located in the United States.

Fair Value Measurements—The fair value of financial instruments are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is measured using inputs from the three levels of the fair value hierarchy, which are described as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities

Level 2—Quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3—Inputs that are unobservable (for example, cash flow modeling inputs based on management's assumptions)

The assets' or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table sets forth (in thousands) the fair value of the Company's financial liabilities by level within the fair value hierarchy as of December 30, 2017:

		Fair value measurements using		
	Fair value	Level 1	Level 2	Level 3
Financial Liabilities:				
Long-term debt, including current portion (1)	726,810	—	726,810	—
Total financial liabilities	$ 726,810	$ —	$ 726,810	$ —

(1) Of this amount, $5,290 is classified as current. The gross carrying amounts of the Company's bank debt, before reduction of the debt issuance costs, approximate their fair values as the stated rates approximate market rates for loans with similar terms.

The following table sets forth (in thousands) the fair value of the Company's financial liabilities by level within the fair value hierarchy as of December 29, 2018:

		Fair value measurements using		
	Fair value	Level 1	Level 2	Level 3
Financial Liabilities:				
Long-term debt, including current portion (1)	852,577	—	852,577	—
Total financial liabilities	$852,577	$ —	$852,577	$ —

(1) Of this amount, $7,250 is classified as current. The gross carrying amounts of the Company's bank debt, before reduction of the debt issuance costs, approximate their fair values as the stated rates approximate market rates for loans with similar terms.

The Company did not transfer any assets measured at fair value on a recurring basis to or from Level 2 for any of the periods presented.

Cash and cash equivalents, IO receivables, other accounts receivable and accounts payable—The carrying value of such financial instruments approximates their fair value due to factors such as the short-term nature or their variable interest rates.

Independent operator notes (net)—The carrying value of such financial instruments approximates their fair value.

Insurance and Self-Insurance Liabilities—The Company uses a combination of insurance and self-insurance mechanisms to provide for the potential liabilities of workers' compensation; general liability; property insurance; and vehicle, director and officers' liabilities. Liabilities associated with the risks that are retained by the Company are estimated by considering historical claims experience. These liabilities could be significantly affected if future occurrences and claims differ from these historical trends.

Revenue Recognition

Net Sales

The Company recognizes revenues from the sale of products at the point of sale, net of any taxes or deposits collected and remitted to governmental authorities. The Company's performance obligations are satisfied upon the transfer of goods to the customer, at the point of sale, and payment from customers is also due at the time of sale. Discounts provided to customers by the Company are recognized at the time of sale as a reduction in sales as the products are sold. Discounts provided by independent operators are not recognized as a reduction in sales as these are provided solely by the independent operator who bears the incidental costs arising from the discount. The Company does not accept manufacturer coupons.

The Company does not have any material contract assets or receivables from contracts with customers, any revenue recognized in the current year from performance obligations satisfied in previous periods, any performance obligations, or any material costs to obtain or fulfill a contract as of December 29, 2018.

Gift Cards

The Company records a deferred revenue liability when a Grocery Outlet gift card is sold. Revenue related to gift cards is recognized as the gift cards are redeemed, which is when the Company has satisfied its performance obligation. While gift cards are generally redeemed within 12 months, some are never fully redeemed. The Company reduces the liability and recognizes revenue for the unused portion of the gift cards ("breakage") under the proportional method, where recognition of breakage income is based upon the historical

run-off rate of unredeemed gift cards. The Company's gift card deferred revenue liability was $1.6 million as of December 30, 2017 and $1.7 million as of December 29, 2018. Breakage amounts were $44,350, $58,723 and $69,247 for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018, respectively. The Company recognized a one-time breakage transition adjustment of $0.1 million that increased fiscal 2018 opening retained earnings, related to the adoption of ASU 2014-09. See Recently Adopted Accounting Standards section below.

Disaggregated Revenues

The following table presents sales revenue (in thousands) by type of product for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018.

	December 31, 2016	December 30, 2017	December 29, 2018
Perishable (1)	$ 621,194	$ 694,696	$ 768,373
Non-perishable (2)	1,210,337	1,380,769	1,519,287
Total sales	$ 1,831,531	$ 2,075,465	$ 2,287,660

(1) Perishable departments include dairy and deli; produce and floral; and fresh meat and seafood.
(2) Non-perishable departments include grocery; general merchandise; health and beauty care; frozen foods; and beer and wine.

Cost of Sales—Cost of sales includes, among other things, merchandise costs, inventory markdowns, shrink and transportation, distribution and warehousing costs, including depreciation.

Marketing and Advertising Expenses—Costs for store promotions, newspaper, television, radio and other media advertising are expensed at the time the promotion or advertising takes place. Advertising costs are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and amounted to approximately $19.8 million, $20.8 million and $21.2 million in the years ended December 31, 2016, December 30, 2017 and December 29, 2018, respectively.

Income Taxes—Income taxes are accounted for using an asset and liability approach that requires recognition of deferred tax assets and liabilities for expected future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns. In estimating future tax consequences, all expected future events are considered, other than changes in the tax law. A valuation allowance is established, when necessary, to reduce net deferred income tax assets to the amount expected to be realized. The Company has not recorded any valuation allowances against its deferred income tax balances for the fiscal years ended December 30, 2017 and December 29, 2018. Significant items comprising the Company's future tax benefits and liabilities (deferred tax assets and liabilities) include net operating losses, depreciation and amortization, goodwill, intangible assets and deferred rent.

The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company records uncertain tax positions in accordance with ASC Topic 740, Income Taxes, on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Variable Interest Entities—In accordance with the variable interest entities sub-section of ASC Topic 810, Consolidation, the Company assesses at each reporting period whether the Company, or any consolidated entity, is considered the primary beneficiary of a variable interest entity ("VIE") and therefore required to

consolidate it. Determining whether to consolidate a VIE may require judgment in assessing (i) whether an entity is a VIE, and (ii) if a reporting entity is a VIE's primary beneficiary. A reporting entity is determined to be a VIE's primary beneficiary if it has the power to direct the activities that most significantly impact a VIE's economic performance and the obligation to absorb losses or rights to receive benefits that could potentially be significant to a VIE.

The Company had 283 stores operated by independent operators as of December 30, 2017 and 308 stores operated by independent operators as of December 29, 2018. The Company has Operator Agreements in place with each independent operator. The independent operator orders its merchandise exclusively from the Company which is provided to the independent operator on consignment. Under the independent operator agreement, the independent operator may select a majority of merchandise that the Company consigns to the independent operator, which the independent operator chooses from the Company's merchandise order guide according to the independent operator's knowledge and experience with local customer purchasing trends, preferences, historical sales and similar factors. The independent operator agreement gives the independent operator discretion to adjust the Company's initial prices if the overall effect of all price changes at any time comports with the reputation of the Company's Grocery Outlet retail stores for selling quality, name-brand consumables and fresh products and other merchandise at extreme discounts. Independent operators are required to furnish initial working capital and to acquire certain store and safety assets. The independent operator is required to hire, train and employ a properly trained workforce sufficient in number to enable the independent operator to fulfill its obligations under the independent operator agreement. The independent operator is responsible for expenses required for business operations, including all labor costs, utilities, credit card processing fees, supplies, taxes, fines, levies and other expenses. Either party may terminate the independent operator agreement without cause upon 75 days' notice.

As consignor of all merchandise to each independent operator, the aggregate net sales proceeds from merchandise sales belongs to the Company. Sales related to independent operator stores were $1,741.7 million, $1,993.7 million and $2,214.7 million for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018, respectively. The Company, in turn, pays independent operators a commission based on a share of the gross profit of the store. Inventories and related sales proceeds are the property of the Company, and the Company is responsible for store rent and related occupancy costs. Independent operator commissions of $268.6 million, $306.6 million and $340.0 million were expensed and included in selling, general and administrative expenses for the years ended December 31, 2016, December 30, 2017 and December 29, 2018, respectively. Independent operator commissions of $3.6 million and $3.9 million are included in accrued expenses as of December 30, 2017 and December 29, 2018, respectively.

Independent operators may fund their initial store investment from existing capital, a third-party loan or most commonly through a loan from the Company (Note 2). To ensure independent operator performance, the operator agreements grant the Company security interests in the assets owned by the independent operator. The total investment at risk associated with each independent operator is not sufficient to permit each independent operator to finance its activities without additional subordinated financial support and, as a result, the independent operators are VIEs which the Company has variable interests in. To determine if the Company is the primary beneficiary of these VIEs, the Company evaluates whether it has (i) the power to direct the activities that most significantly impact the independent operator's economic performance and (ii) the obligation to absorb losses or the right to receive benefits of the independent operator that could potentially be significant to the independent operator. The Company's evaluation includes identification of significant activities and an assessment of its ability to direct those activities.

Activities that most significantly impact the independent operator economic performance relate to sales and labor. Sales activities that significantly impact the independent operators' economic performance include determining what merchandise the independent operator will order and sell and the price of such merchandise, both of which the independent operator controls. The independent operator is also responsible for all of their own labor. Labor activities that significantly impact the independent operator's economic performance include hiring,

training, supervising, directing, compensating (including wages, salaries and employee benefits) and terminating all of the employees of the independent operator, activities which the independent operator controls. Accordingly, the independent operator has the power to direct the activities that most significantly impact the independent operator's economic performance. Furthermore, the mutual termination rights associated with the operator agreements do not give the Company power over the independent operator.

The Company's maximum exposure to the independent operators is generally limited to the gross receivable due from these entities, which was $21.0 million and $27.8 million as of December 30, 2017 and December 29, 2018, respectively (Note 2).

Net income per share—Basic net income per share is computed using net income available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted net income per share reflects the dilutive effects of stock options and restricted stock outstanding during the period, to the extent such securities would not be anti-dilutive, and is determined using the treasury stock method.

Recently Issued Accounting Standards—The following summarizes recently issued accounting standards:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") No. 2016-02, "Leases" (Topic 842). Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of leases with a term of 12 months or less) at the commencement date. The Company has elected the package of practical expedients permitted within the new standard, which among other things, allows the Company to carryforward the historical lease classification. In July 2018 the FASB issued ASU No. 2018-11 which provides entities with an additional, and optional, transition method to adopt the new lease requirements by allowing entities to initially apply the requirements by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. These ASUs are effective on a modified retrospective basis for fiscal years and interim periods within those years beginning after December 15, 2018. The Company will adopt the ASU beginning in the first quarter of fiscal 2019. See Note 10, Commitments and Contingencies, for the future minimum rental payments for all non-cancelable operating leases in effect on December 29, 2018. The amounts presented in this table are undiscounted and therefore do not approximate the impact of adopting this ASU. While the Company is still evaluating the financial statement impact of the ASU, the Company expects the adoption of the ASU to have a material effect on the Company's financial position due to the recognition of the lease rights and obligations as assets and liabilities. The Company does not expect the adoption of the ASU to have a material impact to the Company's statements of income.

In August 2018, the FASB issued ASU No. 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." The ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This ASU is effective retrospectively for fiscal years and interim periods within those years beginning after December 15, 2019. The Company will adopt the ASU beginning in the first quarter of fiscal 2020. The Company does not expect the adoption of this ASU to have a material effect on the Company's financial statements.

Recently Adopted Accounting Standards

On December 31, 2017, the Company adopted the FASB's ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"), which supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, Revenue Recognition. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The guidance provides a five-step process to achieve that core principle. ASU 2014-09 requires disclosures enabling users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about contracts with customers, significant judgments and changes in judgments and assets recognized from the costs to obtain or fulfill a contract. The Company adopted the standard using a modified retrospective approach and did not adjust comparative information. As noted above, the adoption of the standard did not have a material effect on the Company's Consolidated Statements of Operations, Consolidated Balance Sheets or Consolidated Statements of Cash Flows.

Concurrent with the adoption of ASU 2014-09, the Company adopted ASU No. 2016-04, "Recognition of Breakage for Certain Prepaid Stored-Value Products." The new guidance created an exception under ASC Topic 405-20, Liabilities-Extinguishments of Liabilities, to derecognize financial liabilities related to certain prepaid stored-value products using a revenue-like breakage model. As noted above, the Company recorded a one-time adjustment to opening retained earnings of $0.1 million upon adoption of the new ASUs, and the Company expects to recognize immaterial amounts earlier than historical recognition patterns under the new breakage model.

On December 31, 2017, the Company prospectively adopted ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." This ASU identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. The adoption of this ASU did not have an impact on the Company's financial statements.

2. Independent Operator Notes and Receivables

The amounts included in independent operator notes and accounts receivable consist primarily of funds loaned to independent operators by the Company, net of amounts that are estimated to be uncollectible.

Independent operator notes are payable on demand and, where applicable, typically bear interest at a rate of 9.95%. Independent operator notes and receivables are also subjected to estimations of collectability based on an evaluation of overall credit quality, the estimated value of the underlying collateral and historical collections experience, including the fact that, typically, independent operators pay third-party operations-related payables prior to paying down their note with the Company. While estimates are required in making this determination, the Company believes that the independent operator notes and receivables balances, net of allowances, represent what the Company expects to collect from independent operators.

Amounts due from independent operators and the related allowances and accruals for estimated losses (in thousands) as of December 30, 2017 consist of the following:

		Allowance				
	Gross	Current portion	Long-term portion	Net	Current portion	Long-term portion
Independent operator notes	$16,502	$ (992)	$ (6,982)	$ 8,527	$1,039	$ 7,489
Independent operator receivables	4,513	(1,057)	—	3,457	3,456	—
	$21,015	$(2,049)	$ (6,982)	$11,984	$4,495	$ 7,489

Amounts due from independent operators and the related allowances and accruals for estimated losses (in thousands) as of December 29, 2018 consist of the following:

	Gross	Allowance		Net		
		Current portion	Long-term portion		Current portion	Long-term portion
Independent operator notes	$23,450	$ (577)	$ (7,926)	$14,947	$1,301	$ 13,646
Independent operator receivables	4,319	(564)	—	3,755	3,755	—
	$27,769	$(1,141)	$ (7,926)	$18,702	$5,056	$ 13,646

A summary of activity (in thousands) in the Company's independent operator notes and receivables allowance is as follows:

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Balance at beginning of year	$ 1,909	$ 6,046	$ 9,031
Provision for independent operator notes and receivables	4,284	3,259	1,029
Write-off of provision for notes and receivables	(147)	(274)	(993)
Balance at end of year	$ 6,046	$ 9,031	$ 9,067

3. Property and Equipment

Property and equipment (in thousands) as of December 30, 2017 and December 29, 2018 consist of the following:

	Property and Equipment, At Cost	Accumulated Depreciation and Amortization	Property and Equipment, Net
December 30, 2017:			
Leasehold improvements	$ 162,592	$ (27,247)	$ 135,345
Fixtures and equipment	193,397	(55,766)	137,631
Lease acquisition costs	352	(112)	240
Construction in progress	4,530	—	4,530
Totals	$ 360,871	$ (83,125)	$ 277,746
December 29, 2018:			
Leasehold improvements	$ 190,158	$ (39,509)	$ 150,649
Fixtures and equipment	220,337	(78,996)	141,341
Lease acquisition costs	433	(251)	182
Construction in progress	11,860	—	11,860
Totals	$ 422,788	$ (118,756)	$ 304,032

Construction in progress is primarily composed of leasehold improvements and fixtures and equipment related to new or remodeled stores where construction had not been completed at year-end.

Long-lived assets were evaluated for potential impairment by measuring their fair value on a nonrecurring basis. Fair value of long-lived assets is determined by estimating the amount and timing of net future cash flows (including rental expense for leased properties, sublease rental income, common area maintenance costs, and real estate taxes) and discounting them using a risk-adjusted rate. The Company estimates future cash flows based on its experience and knowledge of the market in which each store is located. The

Company recorded a charge for the impairment of long-lived assets of $0.6 million in the fiscal year ended December 29, 2018 for planned store relocations or closures in 2019. The impairment charge is recorded in selling, general and administrative expenses in the Consolidated Statements of Operations. During the fiscal years ended December 31, 2016 and December 30, 2017, there were no adjustments to the carrying value of long-lived assets due to impairment charges.

Depreciation and amortization expense on property and equipment was $26.4 million, $31.8 million and $37.1 million in the years ended December 31, 2016, December 30, 2017 and December 29, 2018, respectively.

4. Intangible Assets

Intangible assets (in thousands) as of December 30, 2017 and December 29, 2018 consist of the following:

	Useful Lives	Intangible Assets, At Cost	Accumulated Amortization	Intangible Assets, Net
December 30, 2017:				
Intangibles—subject to amortization				
Trademarks	15 years	$ 58,400	$ (12,538)	$ 45,862
Customer lists	5 years	160	(103)	57
Leasehold interests	1–20 years	30,468	(9,540)	20,928
Computer software	3 years	15,940	(11,473)	4,467
Total intangibles—subject to amortization		104,968	(33,654)	71,314
Intangibles not subject to amortization				
Liquor licenses		4,350	—	4,350
Totals		$109,318	$ (33,654)	$ 75,664
December 29, 2018:				
Intangibles—subject to amortization				
Trademarks	15 years	$ 58,400	$ (16,431)	$ 41,969
Customer lists	5 years	160	(135)	25
Leasehold interests	1–20 years	30,468	(12,735)	17,733
Computer software	3 years	18,176	(14,324)	3,852
Total intangibles—subject to amortization		107,204	(43,625)	63,579
Intangibles not subject to amortization				
Liquor licenses		5,245	—	5,245
Totals		$112,449	$ (43,625)	$ 68,824

Amortization expense for intangible assets was $10.8 million, $11.3 million and $10.0 million for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018, respectively. During the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018, there were no adjustments to the carrying value of intangible assets due to impairment charges. Estimated aggregate future amortization expense (in thousands) by fiscal year for intangible assets is as follows:

2019	$ 9,268
2020	8,143
2021	7,086
2022	6,320
2023	5,651
Thereafter	27,111
Total	$63,579

5. Long-Term Debt

Long-term debt (in thousands) as of December 30, 2017 and December 29, 2018 consist of the following:

	December 30, 2017	December 29, 2018
Term loans under 2014 First Lien Credit Agreement	$ 525,010	—
Term loans under 2014 Second Lien Credit Agreement	200,000	—
Term loans under 2018 First Lien Credit Agreement	—	723,236
Term loans under 2018 Second Lien Credit Agreement	—	148,535
Capital lease	2,113	2,019
Subtotal	727,123	873,790
Less current portion	(5,384)	(7,349)
Long-term debt	721,739	866,441
Less debt issuance costs (Note 1)	(16,237)	(16,422)
Long-term debt—net	$ 705,502	$ 850,019

First Lien Credit Agreement

On October 22, 2018, Holdings entered into a first lien credit agreement (“First Lien Credit Agreement”), whereby a syndicate of lenders agreed to loan a $725.0 million senior term loan and to provide revolving loans and standby letters of credit of up to $100.0 million. The First Lien Credit Agreement is secured by substantially all of Holdings’ assets and expires on October 21, 2025, with respect to the term loan, and October 20, 2023, with respect to the revolving loan facility. At the same time, Holdings retired the existing 2014 first lien credit agreement as part of the debt modification transaction.

Interest on the First Lien Credit Agreement loans are at either the Eurodollar rate, with a floor of 1.00%, as adjusted for the reserve percentage required under regulations issued by the Federal Reserve Board for determining maximum reserve requirements with respect to Eurocurrency funding, plus an applicable margin rate of between 3.75% for the initial term loans and between 3.25% and 3.75% for revolving credit loans, depending on the secured leverage ratio, or an ABR rate, with a floor of 2.00%, plus an applicable margin rate of 2.75% for the initial term loan or between 2.25% and 2.75% for revolving credit loans, depending on the secured leverage ratio. The ABR rate is determined as the greater of (a) the prime rate, (b) the federal funds effective rate, plus 0.5%, (c) the Eurodollar rate plus 1%, or (d) 2.00% solely with regard to the initial term loan. Holdings is able to select the rate type at the time of its initial borrowing. For loans utilizing the Eurodollar basis, Holdings is able to

select a fixed-interest period of between 2 and 12 months, subject to certain restrictions. The interest rate in effect as of December 30, 2017 and December 29, 2018 was 5.19% and 6.09%, respectively.

Starting April 1, 2019, the term loan under the First Lien Credit Agreement is payable in minimum quarterly installments of $1.8 million per quarter with the remaining balance due on October 21, 2025. The Company was in compliance with debt covenants under the First Lien Credit Agreement as of December 29, 2018.

As part of this transaction, Holdings incurred capitalizable debt issuance costs of $7.2 million which will amortize over the life of the First Lien Credit Agreement. In addition, Holdings incurred $1.0 million in capitalizable debt issuance costs directly related to the acquisition of the revolving loan facility which will amortize ratably over the life of the revolving loan facility. Holdings incurred $1.8 million in debt issuance costs that could not be capitalized and were expensed immediately.

Unamortized 2014 First Lien Credit Agreement debt issuance costs of $5.9 million will amortize over the respective lives of the term loan and revolving credit facility under the First Lien Credit Agreement. Holdings wrote-off unamortized debt issuance costs of $2.5 million related to the investors who exited the syndicate or decreased their holding.

Holdings may utilize the $100.0 million revolving loan facility for standby letters of credit. All amounts do not require minimum repayments, and any outstanding amounts are due on October 21, 2023. As of December 30, 2017, Holdings had $3.4 million in outstanding letters of credit against the former $75 million revolving loan facility and other than for these standby letters of credit, Holdings did not utilize the former facility for the fiscal year ended December 30, 2017. As of December 29, 2018, Holdings had $3.4 million in outstanding letters of credit. Other than for the standby letters of credit, Holdings did not utilize this facility for the fiscal year ended December 29, 2018.

The additional debt taken on with the new First Lien Credit Agreement and Second Lien Credit Agreement (as defined below) funded the $152.2 million cash dividend declared on October 22, 2018 and paid during the fiscal year ended December 29, 2018. The Company also paid cash dividends of $1.4 million to its stockholders during the fiscal year ended December 29, 2018 in conjunction with the cash dividend declared on June 23, 2016. A total of $153.6 million of cash dividends were paid during the fiscal year ended December 29, 2018 (Note 6). The payments of these dividends were compliant with the First Lien Credit Agreement and Second Lien Credit Agreement covenants.

Second Lien Credit Agreement

On October 22, 2018, Holdings entered into a second lien credit agreement (“Second Lien Credit Agreement”), whereby a syndicate of lenders agreed to loan a $150.0 million senior term loan, payable on October 21, 2026. At the same time, Holdings retired the existing 2014 second lien credit agreement as part of the debt modification transaction.

Interest on the Second Lien Credit Agreement term loan is at either the Eurodollar rate, with a floor of 1.00%, as adjusted for the reserve percentage required under regulations issued by the Federal Reserve Board for determining maximum reserve requirements with respect to Eurocurrency funding, plus an applicable margin rate of 7.25%, or an ABR rate, with a floor of 2.00%, plus an applicable margin rate of 6.25%. The ABR rate is determined as the greater of (a) the prime rate, (b) the federal funds effective rate, plus 0.5%, (c) the Eurodollar rate plus 1%, or (d) 2.00% solely with regard to the initial term loans. Holdings is able to select the rate type at the time of its initial borrowing. For loans utilizing the Eurodollar basis, Holdings is able to select a fixed-interest period of between 2 and 12 months, subject to certain restrictions. The interest rate in effect as of December 29, 2018 and December 30, 2017 was 9.59% and 9.94%, respectively.

The term loan under the Second Lien Credit Agreement does not require minimum quarterly installment payments and is payable in full on October 21, 2026. The company was in compliance with debt covenants under the Second Lien Credit Agreement as of December 29, 2018.

Unamortized Second Lien Credit Agreement debt issuance costs of $4.1 million will amortize ratably over the life of the agreement. Holdings wrote-off unamortized debt issuance costs of $0.9 million related to the investors who exited the syndicate or decreased their holding.

The First Lien Credit Agreement and Second Lien Credit Agreement contain covenants limiting Holdings and the ability of its restricted subsidiaries to, among other things: pay dividends or distributions, repurchase equity, prepay junior debt and make certain investments; incur additional debt or issue certain disqualified stock and preferred stock; incur liens on assets; merge or consolidate with another company or sell all or substantially all assets; enter into transactions with affiliates; and enter into agreements that would restrict its subsidiaries to pay dividends or make other payments to Holdings. These covenants are subject to important exceptions and qualifications as described in the First Lien Credit Agreement and the Second Lien Credit Agreement.

The components of interest expense, net and debt extinguishment and modification costs (in thousands) are as follows:

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Interest on term loan debt	$ 43,656	$ 46,235	$ 52,569
Amortization of debt issuance costs	4,301	4,442	4,024
Interest on capital leases	151	122	117
Other	—	30	2
Interest income	(961)	(1,131)	(1,350)
Interest expense, net	$ 47,147	$ 49,698	$ 55,362
Write off of debt issuance costs	—	1,258	3,459
Debt modification costs	—	208	1,794
Debt extinguishment and modification costs	$ —	$ 1,466	$ 5,253

Principal maturities of long-term debt (in thousands) as of December 29, 2018, are as follows:

2019	$ 7,349
2020	9,173
2021	7,383
2022	7,390
2023	7,399
Thereafter	835,096
Total	$873,790

6. Stockholders' Equity

Common Stock—The Company is authorized to issue both voting and non-voting common stock, both of which have a par value of $0.001.

Preferred Series A Stock—The Company has authorized and issued one share of Preferred Series A Stock with a par value of $0.001. The Company does not have any unauthorized and unissued shares. This share has no voting rights with respect to any matters submitted to a vote of the stockholders, except as a separate class at a stockholders' meeting solely with respect to electing the "Series A Director." Preferred Series A Stock is not entitled to receive dividends and has a liquidation preference of $1.00 per share.

2014 Stock Incentive Plan—Effective October 21, 2014, the Company adopted the 2014 Stock Incentive Plan (the "2014 Plan"), whereby certain employees may be granted options or stock appreciation rights for voting or nonvoting shares of the Company or other restricted stock awards of shares, restricted shares and other stock awards that are valued in whole or in part by reference to, or are otherwise based on the fair market value per share of the Company's stock. Such shares may be authorized but unissued stock or previously issued stock acquired by the Company. A total of 12,067,687 shares may be issued under the 2014 Plan. As of December 29, 2018, no stock appreciation rights have been issued under the 2014 Plan.

Options—Two types of options may be issued as follows:

a. Time-vesting options vest at 20% per year, subject to certain change in control provisions and may be exercised up to 10 years from the date of issuance.

b. Performance-based options vest and become exercisable on each measurement date in certain percentages based on internal rates of return and may be exercised up to 10 years from the date of issuance. The measurement date can be either; (i) prior to the occurrence of a change in control at each date upon which the controlling shareholders receive Proceeds; (ii) upon a change in control event or (iii) upon lead investor divestiture to a holding position under 10% of outstanding shares after an initial public offering.

The initial grant-date fair value was determined based on the contemporaneous purchase price of the stock issued as a result of the Company's acquisition of Holdings in 2014. The fair value of shares of common stock underlying stock options was the responsibility of, and determined by, the Company's board of directors, with input from management. There was no public market for the Company's common stock and the board of directors determined the fair value of common stock at the option grant date by considering a number of objective and subjective factors including quarterly independent third-party valuations of the Company's common stock, operating and financial performance, the lack of liquidity of capital stock and general and industry specific economic outlook, among other factors.

Restricted Stock Units—Under the 2014 Plan, the Company may also issue restricted stock units ("RSUs"). RSUs are grants for voting or nonvoting shares that vest in three equal annual installments as specified in the RSU.

As option and RSU awards represent equity awards of the Company, such awards are fair valued as of the grant date. For the time-vesting options, a Black-Scholes valuation model is utilized; for the RSUs, the current stock price estimate is utilized; and for the performance-based options, a Monte Carlo simulation approach implemented in a risk-neutral framework is utilized to fair value the awards.

The respective models resulted in a weighted-average fair value for time-vesting and performance-based options and RSUs granted as of December 30, 2017 and December 29, 2018 as follows:

	December 30, 2017	December 29, 2018
Time-vesting options	$ 2.31	$ 2.96
RSUs	7.72	10.36
Performance-vesting options	2.91	4.65

The following assumptions were used:

	December 30, 2017	December 29, 2018
Exercise price	$ 9.06	$ 11.98
Volatility	50%	35%
Risk-free rate	1.5%	2.6%
Dividend yield	0.0%	0.0%
Expected life (in years)	2.5	2.8

The valuation models require the input of highly subjective assumptions. Expected volatility of the options is based on companies of similar growth and maturity and the Company's peer group in the industry in which the Company does business because the Company does not have sufficient historical volatility data for its own shares. The expected term of the options represent the period of time that options granted were expected to be outstanding. The risk-free rate was based on the U.S. treasury zero-coupon issues, with a remaining term equal to the expected term of the options used in the respective valuation model. In the future, the Company's expected volatility and expected term may change, which could change the grant-date fair value of future awards and, ultimately, the expense the Company records.

Time-vesting options, performance-based options, and RSUs under the 2014 plan as of December 30, 2017 and December 29, 2018 are as follows:

	Time-Vesting Options		Performance-Based Options		Restricted Stock Units	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price	Number of RSUs	Weighted-Average Exercise Price
Outstanding—December 31, 2016	5,401,780	$ 7.20	5,353,473	$ 5.99	54,118	$ —
Granted	225,001	9.06	225,004	9.06	46,686	—
Vested	—	—	—	—	—	
Exercised	(30,169)	7.13	—	—	—	—
Forfeitures	(67,776)	7.37	(52,617)	6.04	—	—
Outstanding—December 30, 2017	5,528,836	7.27	5,525,860	6.11	100,804	—
Granted	334,535	11.98	334,536	11.98	34,200	—
Vested	—	—	—	—	(54,184)	
Exercised	(2,946)	8.47	—	—	—	—
Forfeitures	(62,050)	8.10	(65,066)	6.81	—	—
Outstanding—December 29, 2018	5,798,375	7.53	5,795,330	4.40 (1)	80,820	—
Total exercisable at December 29, 2018	4,164,077		—			
Total vested at December 29, 2018					115,927	
Total vested and expected to vest at December 29, 2018	5,683,703		5,667,722		196,745	

(1) The decrease in weighted-average exercise price for outstanding performance-based options at December 29, 2018 is due to the dividend declared on October 22, 2018 pursuant to which all performance-based options outstanding on this date received a $2.10 downward adjustment to their exercise price. Please see further information in Note 6 below.

The Company recognizes compensation expense on the options and RSUs under the 2014 Plan by amortizing the grant date fair value over the expected vesting period to the extent the Company determines the vesting of the grant is probable.

All of the shares issued pursuant to exercise of time-vesting options, performance-based options and RSUs are subject to GO Holding's stockholders' agreement upon issuance. The stockholders' agreement permits the Company to repurchase shares from employees within a stated period of time from the date of their termination if they are terminated prior to a liquidity event. If the employee voluntarily terminates or is terminated for cause, the Company may repurchase the shares for a per share price equal to the lower of fair value or the cost paid by the employee to obtain the shares. If the employee is involuntarily terminated, the Company may repurchase the shares for a per share price equal to fair value. As a result, the employee will only realize appreciation in the fair value of the shares upon involuntary termination or a change in control or initial public offering. Shares held by members of the board of directors may be repurchased by the Company at fair market value.

The Company has not recorded compensation expense related to time-based options held by employees, as involuntary termination, change in control or initial public offering are not probable as of December 29, 2018. Unamortized compensation cost is $25.7 million for outstanding time-based options as of December 29, 2018, which will be amortized over the remaining requisite service period if and when the Company determines that vesting is probable.

The Company recognized $0.4 million of compensation expense related to RSUs held by directors in the fiscal year ended December 29, 2018. Unamortized compensation expense for the RSUs is $0.4 million at December 29, 2018, which will be amortized over the remaining requisite service period.

The Company has determined that the ultimate vesting of the performance-based options is not probable and, accordingly, has not recognized any expense related to these awards. Unamortized compensation cost is $25.5 million for outstanding performance-based options as of December 29, 2018, which will be amortized over the remaining requisite service period if and when the Company determines that vesting is probable.

Holdings declared and paid a cash dividend of $152.2 million to its parent company, Intermediate, on October 22, 2018. Intermediate then paid this cash dividend to GO Holding which used the proceeds to make a cash dividend to its stockholders of $2.10 per share. Pursuant to the 2014 Plan, the Company paid a dividend of $2.10 for each exercisable time-vesting option and RSU. Time-vesting options and RSUs that became exercisable from October 22, 2018 to December 29, 2018 received the $2.10 dividend. GO Holding also paid cash dividends of $1.4 million to its stockholders during the fiscal year ended December 29, 2018 in conjunction with the cash dividend declared on June 23, 2016. A total of $153.6 million of cash dividends were paid during the fiscal year ended December 29, 2018.

Holdings declared a cash dividend of $86.5 million to its parent company, Intermediate, on June 23, 2016. Intermediate then paid this cash dividend to GO Holding which used the proceeds to make a cash dividend to its stockholders of $1.23 per share. Pursuant to the 2014 Plan, the Company paid a dividend of $1.23 for each exercisable time-vesting option and RSU. Time-vesting options and RSUs that became exercisable from June 23, 2016 to December 29, 2018 received the $1.23 dividend.

Stock-based compensation of $1.7 million for the fiscal year ended December 30, 2017 includes $1.3 million in payments related to the June 23, 2016 dividend for outstanding options that became exercisable in the current year. Of the $10.4 million in stock-based compensation recorded in the fiscal year ended December 29, 2018, $8.7 million related to payment of the October 22, 2018 dividend and $1.3 million related to payment of the June 23, 2016 dividend on outstanding options that became exercisable in the current year. The remaining stock-based compensation in both years related to the aforementioned RSU compensation expense.

All performance-based options outstanding at the time of the June 23, 2016 and October 22, 2018 dividends received a $1.23 and $2.10 downward adjustment to the pre-dividend exercise price, respectively.

The dividends triggered a modification of both the time-vesting and performance-based options which resulted in a step-up of the fair value reflected in the remaining unamortized compensation costs disclosed above. In essence, all outstanding option awards with previously determined grant date fair values were replaced with new option awards that were valued using assumptions as of the dividend date. Time-vesting options were revalued using the Black-Scholes model and performance-based options were revalued using the Monte Carlo simulation approach.

For time-vesting options and RSUs that were outstanding at the time of the June 23, 2016 and October 22, 2018 dividend, and are expected to vest in 2019 and beyond, the Company intends to make dividend payments as these time-vesting options and RSUs vest. Pursuant to the 2014 Plan, if the Company is unable to make those payments, it may instead elect to reduce the per share exercise price of each such option by an amount equal to the dividend amount in lieu of making the applicable option payment. As such, the Company's dividends are not considered declared and payable and are not accrued as a liability in the Company's Consolidated Balance Sheet as of December 29, 2018.

7. Retirement Plans

The Company makes payments into the UFCW—Northern California Employers Joint Pension Trust Fund (the "Pension Fund") and the UFCW—Benefits Trust Fund ("Benefits Fund"), multiemployer pension and welfare trusts, established for the benefit of union employees at two company operated stores under the terms of its collective bargaining agreement. The Company currently operates under a collective bargaining agreement that expires September 6, 2019. Payments into the Pension Fund were $0.5 million for each of the fiscal years ended December 31, 2016 and December 30, 2017 and $0.4 million for the fiscal year ended December 29, 2018. Payments into the Benefits Fund were $1.5 million for each of the fiscal years ended December 31, 2016 and December 30, 2017 and $1.1 million for the fiscal year ended December 29, 2018. Such contributions represent less than 5% of the total contributions to the Fund. The Company paid no surcharges to the Fund. The Company does not have future obligations to contribute to the Benefits Fund upon termination of the collective bargaining agreement.

The risks of participating in a multiemployer pension plan are different from single-employer pension plans in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Company stops participating in its multiemployer pension plan, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The following information represents the Company's participation in the plan for the annual period ended December 30, 2017, the latest available information from the Fund. All such information is based on information the Company received from the plan.

The Fund's Employer Identification Number and Plan Number is 946313554-001. Under the provisions of the Pension Protection Act (PPA) zone status, the Fund was in critical status during the Plan year. Among other factors, generally, plans in critical status are less than 65 percent funded. In an effort to improve the Plan's funding situation, the trustees adopted a rehabilitation plan on July 8, 2010. The rehabilitation plan changes the benefits for participants who retire and commence a pension on or after January 1, 2012, and changes future benefit accruals earned on or after January 1, 2012. Except in limited circumstances, the pensions of participants and beneficiaries whose pension effective date is before January 1, 2012, is not affected.

For the Company's nonunion employees, the Company offers the following plans:

a. A defined contribution retirement plan for warehouse employees, which requires an annual contribution of 15% of eligible salaries. The defined contribution retirement plan is available to nonunion employees who meet certain service criteria.

b. A noncontributory profit-sharing plan for administrative personnel under which the board of directors may authorize an annual contribution of up to 15% of eligible salaries. The profit-sharing plan is available to nonunion employees who meet certain service criteria.

The Company expensed $3.9 million, $3.3 million and $3.6 million for contributions to these two plans for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018, respectively.

c. A 401(k) retirement plan for warehouse employees, which is available to those employees who meet certain service criteria.

d. A 401(k) retirement plan for administrative personnel, which is available to those employees who meet certain service criteria.

e. The Company is not obligated to match any employee contributions for the 401(k) retirement plans.

For Amelia's employees who meet certain service criteria, the Company has a 401(k) retirement plan under which the Company will match employee contributions at a rate of 35% of each participating employee's contributions, not to exceed 6% of wages. The Company expensed $36,110, $31,063 and $29,929 for contributions to this plan for the fiscal years ending December 31, 2016, December 30, 2017 and December 29, 2018, respectively.

8. Income Taxes

For financial reporting purposes, the Company had income before taxes of $16.9 million for the fiscal year ended December 31, 2016, $25.8 million for the fiscal year ended December 30, 2017 and $21.9 for the fiscal year ended December 29, 2018.

The Company's components of income tax expense (in thousands) for the fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018 are as follows:

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Current:			
Federal	$ 98	$ 237	$ (200)
State	47	189	353
Total current	145	426	153
Deferred:			
Federal	5,446	2,928	4,523
State	1,133	1,817	1,308
Total deferred	6,579	4,745	5,831
Income tax expense	$ 6,724	$ 5,171	$ 5,984

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Taxes at federal statutory rates	35.0%	35.0%	21.0%
Effect of change in federal tax rate	—	(21.1%)	—
State income taxes net of federal benefit	4.1%	5.1%	6.0%
Other	0.6%	1.1%	0.4%
Effective income tax rate	39.7%	20.1%	27.4%

The primary components of the Company's deferred tax assets and liabilities (in thousands) as of December 30, 2017 and December 29, 2018 are as follows:

	December 30, 2017	December 29, 2018
Deferred tax assets:		
Accrued compensation	$ 2,765	$ 2,594
Inventory	3,110	3,553
Transaction costs	1,704	1,520
Deferred rent	7,290	12,530
Net operating loss and other carryforwards	33,263	25,781
Reserves and allowances	3,699	4,056
Other	953	1,181
Interest expense carryforward	—	3,862
Total deferred tax assets	52,784	55,077
Deferred tax liabilities:		
Prepaid expenses	(701)	(733)
Depreciation and amortization	(33,341)	(36,271)
Intangible assets	(9,717)	(9,073)
Goodwill	(16,534)	(21,897)
Debt transaction costs	(1,795)	(2,238)
Total deferred tax liabilities	(62,088)	(70,212)
Net deferred tax liabilities	$ (9,304)	$ (15,135)

The Company has net operating loss carryforwards of $96.4 million for federal income tax purposes and $27.0 million for California income tax purposes, which begin to expire in 2032. Certain tax attributes are subject to an annual limitation as a result of the Company's acquisition of Holdings, which constitutes a change in ownership as defined under Internal Revenue Code Section 382. Based on the Company's analysis, the Company's projected net operating losses to be utilized in future years will not be affected by this annual limitation.

As of December 29, 2018 and December 30, 2017, the Company had no uncertain tax positions and does not anticipate any changes to its uncertain tax positions within the next 12 months.

The Company is subject to taxation in the United States and various state jurisdictions. As of December 29, 2018, the Company's tax returns remain open to examination by the tax authorities for tax years 2015 to 2018 for US federal and 2014 to 2018 for various state jurisdictions.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) eliminating the corporate alternative minimum tax (AMT) and changing how existing AMT credits can be realized; (3) creating a new limitation on deductible interest expense; (4) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; and (5) expanding bonus depreciation to allow full expensing of qualified property.

The SEC staff issued Staff Accounting Bulletin No. 118 (SAB 118), which provides guidance on accounting for the income tax effects of the Tax Act under ASC Topic 740. SAB 118 provides a measurement period that should not extend beyond one year from the enactment date of the Tax Act for companies to complete the accounting for the effects of the Tax Act. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC Topic 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete, but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC Topic 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

The Company recognized a provisional tax benefit of $5.4 million associated with the Tax Act in its consolidated financial statements for the fiscal year ended December 30, 2017, which was associated with the re-measurement of the Company's deferred tax assets and liabilities. During the year ended December 29, 2018, the Company finalized its accounting for the impacts of the Tax Act and recorded an insignificant measurement period adjustment associated with the re-measurement of the Company's deferred tax assets and liabilities.

9. Related Party Transactions

Leases for 16 store locations and one warehouse location relate to property controlled by stockholders (Note 10).

During the fiscal years ended December 29, 2018 and December 30, 2017, one independent operator store was operated by family members of one employee. Independent operator commissions for this store totaled $1.3 million for each of the fiscal years ended December 31, 2016 and December 30, 2017 and $1.2 million for the fiscal year ended December 29, 2018.

The Company offers interest-bearing notes to independent operators and the gross receivable due from these entities was $21.0 million and $27.8 million as of December 30, 2017 and December 29, 2018, respectively (Note 2).

10. Commitments and Contingencies

Leases—Numerous retail facilities for store locations are leased by the Company under operating leases expiring at various dates through 2038. Many leases provide for renewal options, as well as require the Company to pay specified common area maintenance costs and contingent rents based on a percentage of sales.

Future minimum rental payments (in thousands) for all non-cancelable operating leases having a remaining term in excess of one year as of December 29, 2018 are as follows:

	Third Parties	Related Parties	Total
2019	$ 82,971	$ 6,152	$ 89,123
2020	91,538	6,201	97,739
2021	93,090	6,297	99,387
2022	92,359	6,532	98,891
2023	91,955	6,410	98,365
Thereafter	801,832	48,914	850,746
Total future minimum rental payments	$ 1,253,745	$ 80,506	$ 1,334,251

The Company also has non-cancelable subleases with unrelated third parties with future minimum rental receipts totaling $3.6 million ending in various years through 2023, which have not been deducted from the future minimum payments.

Rental expense (in thousands) for all operating leases for fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018 is as follows:

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Rent expense—third-party lessors	$ 56,825	$ 72,622	$ 79,347
Rent expense—related parties	6,490	7,309	7,141
Contingent rentals	619	531	548
Less rentals from subleases	(1,129)	(1,079)	(1,075)
Total rent expense	$ 62,805	$ 79,383	$ 85,961

Insurance—The Company is a member of a captive insurance group which manages the Company's risk of loss from general liability, automobile, and workers' compensation claims. Accruals for claims under this program are recorded based on the estimated ultimate liability of known claims and claims incurred but not reported. The Company recorded a liability of $2.9 million and $3.7 million as of December 30, 2017 and December 29, 2018, respectively, for such claims which are reflected in the consolidated balance sheets as accrued expenses. The Company may utilize the $100 million revolving loan facility for standby letters of credit to support potential liability.

Litigation—The Company is involved from time to time in claims, proceedings, and litigation arising in the normal course of business. The Company does not believe the impact of such litigation will have a material adverse effect on the Company's consolidated financial statements taken as a whole.

Purchase Commitments—The Company has future purchase commitments of $10.0 million per year through fiscal year 2022 with our primary fresh meat vendor.

11. Earnings Per Share Attributable to Common Stockholders

Earnings Per Share Attributable to Common Stockholders

A reconciliation of the numerator and denominator used in the calculation of basic and diluted earnings per share attributable to common stockholders is as follows:

Dollars and shares in thousands, except per share amounts	Fiscal Year Ended December 31, 2016	Fiscal Year Ended December 30, 2017	Fiscal Year Ended December 29, 2018
Numerator			
Net income attributable to common stockholders—basic	$ 10,198	$ 20,601	$ 15,868
Denominator			
Weighted-average shares of common stock—basic	68,260	68,232	68,473
Effect of dilutive RSUs	63	100	73
Weighted-average shares of common stock—diluted	68,323	68,332	68,546
Earnings per share attributable to common stockholders:			
Basic	$ 0.15	$ 0.30	$ 0.24
Diluted	$ 0.15	$ 0.30	$ 0.23

Unaudited pro forma earnings per share

The unaudited pro forma earnings per share reflects the application of 7,803,438 shares from the proposed initial public offering (assuming the mid-point of the initial public offering price range) that are necessary to cover the portion of the $152.2 million dividend paid to stockholders on October 22, 2018 which was in excess of the Company's historical earnings. Net income attributable to common stockholders has been adjusted to assume no interest was paid on the incremental term loans entered into necessary to finance the dividend.

Dollars and shares in thousands, except per share amounts	Fiscal Year Ended December 29, 2018 (unaudited)
Numerator	
Net income attributable to common stockholders—basic	$ 15,868
Adjust for Interest paid on incremental term loans	1,080
Pro forma net income attributable to common stockholders—basic	$ 16,948
Denominator	
Basic:	
Weighted-average shares of common stock—basic	68,473
Add: common shares offered hereby to fund the dividend in excess of earnings	7,803
Pro forma weighted-average shares of common stock—basic	76,276
Diluted:	
Pro forma weighted-average shares of common stock—basic	76,276
Weighted average effect of dilutive RSUs	73
Pro forma weighted-average shares of common stock—diluted	76,349
Pro forma earnings per share attributable to common stockholders:	
Basic	$ 0.22
Diluted	$ 0.22

12. Subsequent Events

The Company performed an evaluation of subsequent events from the consolidated balance sheets date of December 29, 2018 through March 26, 2019, the date that the consolidated financial statements were available to be issued, and has concluded that there are no events requiring recording or disclosure in the consolidated financial statements.

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SCHEDULE 1—REGISTRANT'S CONDENSED FINANCIAL STATEMENTS

GROCERY OUTLET HOLDING CORP.
Parent Company Only
CONDENSED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 30, 2017	December 29, 2018
ASSETS		
Current assets:		
Other current assets	$ —	$ 497
Total current assets	—	497
Investment in wholly owned subsidiary	427,882	300,922
Total assets	$ 427,882	$ 301,419
LIABILITIES AND SHAREHOLDERS' EQUITY		
Intercompany payable	$ 750	$ 1,468
Total liabilities	750	1,468
Stockholders' equity:		
Capital stock:		
Common stock—par value $0.001, voting common stock, 107,536,215 shares authorized, 67,435,288 and 67,381,104 shares issued and outstanding as of December 29, 2018 and December 30, 2017	67	67
Common stock—par value $0.001, nonvoting common stock, 17,463,785 shares authorized, 1,038,413 shares issued and outstanding as of December 29, 2018 and December 30, 2017	1	1
Series A Preferred stock—par value $0.001, nonvoting preferred stock, 1 share authorized, 1 share issued and outstanding as of December 29, 2018 and December 30, 2017	—	—
Additional paid-in capital	403,289	287,457
Retained Earnings	23,776	12,426
Total stockholders' equity	427,133	299,951
Total liabilities and stockholders' equity	$ 427,882	$ 301,419

See notes to condensed Parent Company financial statements.

GROCERY OUTLET HOLDING CORP.
Parent Company Only
CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in thousands)

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Operating expenses	$ 294	$ 181	$ 216
Operating loss	(294)	(181)	(216)
Loss before equity in net income of subsidiary	(294)	(181)	(216)
Equity in net income of subsidiary, net of tax	10,492	20,782	16,084
Net income and comprehensive income	$ 10,198	$ 20,601	$ 15,868

See notes to condensed Parent Company financial statements.

GROCERY OUTLET HOLDING CORP.
Parent Company Only
CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Cash flows from operating activities:			
Net income	$ 10,198	$ 20,601	$ 15,868
Adjustments to reconcile net income to net cash used in operating activities			
Equity in net income of subsidiary	(10,492)	(20,782)	(16,084)
Dividend received from subsidiary (return on capital)	—	—	27,351
Changes in operating assets and liabilities			
Other current assets	—	—	(497)
Net cash (used in) provided by operating activities	(294)	(181)	26,638
Cash flows from investing activities:			
Dividend received from subsidiary (return of capital)	86,454	—	126,236
Net cash provided by investing activities	86,454	—	126,236
Cash flows from financing activities:			
Intercompany payables	375	353	718
Proceeds from exercise of stock options	172	—	29
Repurchase of shares	(253)	(172)	(34)
Dividend paid to shareholders	(86,454)	—	(153,587)
Net cash used in financing activities	(86,160)	181	(152,874)
Net (decrease) increase in cash	—	—	—
Cash, beginning of period	—	—	—
Cash, end of period	$ —	$ —	$ —

See notes to condensed Parent Company financial statements.

GROCERY OUTLET HOLDING CORP.
(PARENT COMPANY ONLY)
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Description of Grocery Outlet Holding Corp.

Grocery Outlet Holding Corp. (the "Parent"), which is majority-owned by a private equity investment fund, owns 100% of Globe Intermediate Corp. ("Intermediate"), which owns 100% of GOBP Holdings, Inc. ("Holdings"), which owns 100% of GOBP Midco, Inc. ("Midco"), which owns 100% of Grocery Outlet Inc. ("GOI"), a high-growth, extreme value retailer of quality, name-brand consumables and fresh products sold through a network of independently operated stores.

The Parent was incorporated in Delaware on September 11, 2014 and became the ultimate parent of GOI on October 7, 2014. The Parent has no operations or significant assets or liabilities other than its investment in Intermediate. Accordingly, the Parent is dependent upon distributions from Intermediate to fund its limited, non-significant operating expenses. However, Holdings' and GOI's ability to pay dividends or lend to Intermediate or Parent is limited under the terms of various debt agreements.

Intermediate and Holdings are parties to credit facilities that contain covenants limiting the Parent's ability and the ability of its restricted subsidiaries to, among other things: pay dividends or distributions, repurchase equity, prepay junior debt and make certain investments; incur additional debt or issue certain disqualified stock and preferred stock; incur liens on assets; merge or consolidate with another company or sell all or substantially all assets; enter into transactions with affiliates; and enter into agreements that would restrict its subsidiaries to pay dividends or make other payments to the Parent. Due to the aforementioned qualitative restrictions, substantially all of the assets of the Parent's subsidiaries are restricted. These covenants are subject to important exceptions and qualifications as described in such credit facilities.

2. Basis of Presentation

The accompanying condensed financial statements (parent company only) include the accounts of the Parent and its investment in Intermediate, accounted for in accordance with the equity method, and do not present the financial statements of the Parent and its subsidiary on a consolidated basis. These parent company only financial statements should be read in conjunction with the Grocery Outlet Holding Corp. consolidated financial statements.

On June 6, 2019, the Company effected a 1.403 for 1 forward stock split. All share amounts have been adjusted retroactively for the impact of this forward stock split for all periods presented.

3. Dividends from Subsidiaries

The Parent received a dividend from Intermediate of $86.5 million on June 23, 2016 for the fiscal year ended December 31, 2016. This dividend has been reflected as a reduction to investment in wholly owned subsidiary in the accompanying condensed financial statements. On the same date, the Parent declared a dividend of $86.5 million to holders of its common stock. This dividend has been reflected as a return of capital in the accompanying condensed financial statements.

The Parent received a dividend from Intermediate of $153.6 million on October 22, 2018 for the fiscal year ended December 29, 2018. This dividend has been reflected as a reduction to investment in wholly owned subsidiary in the accompanying condensed financial statements. On the same date, the Parent declared a dividend of $153.6 million to holders of its common stock. This dividend has been reflected as a $27.4 million return on capital and a $126.2 million return of capital in the accompanying condensed financial statements.

GROCERY OUTLET HOLDING CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	December 29, 2018	March 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 21,063	$ 19,596
Independent operator receivables and current portion of independent operator notes, net of allowance $1,141 and $1,294	5,056	6,043
Other accounts receivable, net of allowance $24 and $15	2,069	2,731
Merchandise inventories	198,304	212,520
Prepaid rent—related party	512	512
Prepaid expenses and other current assets	13,368	15,212
Total current assets	240,372	256,614
Independent operator notes, net of allowance $7,926 and $8,965	13,646	13,884
Property and equipment—net	304,032	308,353
Operating right-of-use asset	—	659,664
Intangible assets—net	68,824	66,991
Goodwill	747,943	747,943
Other assets	2,045	6,463
Total	$ 1,376,862	$ 2,059,912

(Continued)

GROCERY OUTLET HOLDING CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(unaudited)

	December 29, 2018	March 30, 2019
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	$ 98,123	$ 112,492
Accrued expenses	31,194	27,786
Accrued compensation	10,795	11,094
Current portion of long-term debt	7,349	5,705
Current lease liability	—	33,441
Income and other taxes payable	3,463	3,096
Total current liabilities	150,924	193,614
Long-term liabilities:		
Long-term debt—net	850,019	848,951
Deferred income taxes	15,135	16,571
Lease liability	—	696,925
Deferred rent	60,833	—
Total liabilities	$ 1,076,911	$ 1,756,061
Commitments and contingencies (see Note 9)		
Stockholders' equity:		
Capital stock:		
Common stock—par value $0.001, voting common stock, 107,536,215 shares authorized, 67,435,288 and 67,477,726 shares issued and outstanding as of December 29, 2018 and March 30, 2019	$ 67	$ 67
Common stock—par value $0.001, nonvoting common stock, 17,463,785 shares authorized, 1,038,413 shares issued and outstanding as of December 29, 2018 and March 30, 2019	1	1
Series A Preferred stock—par value $0.001, nonvoting preferred stock, 1 share authorized, 1 share issued and outstanding as of December 29, 2018 and March 30, 2019	—	—
Additional capital	287,457	287,668
Retained earnings	12,426	16,115
Total stockholders' equity	299,951	303,851
Total liabilities and stockholders' equity	$ 1,376,862	$ 2,059,912

(Concluded)

See notes to condensed consolidated financial statements.

GROCERY OUTLET HOLDING CORP.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in thousands, except per share data)
(unaudited)

	13 Weeks Ended	
	March 31, 2018	March 30, 2019
Net sales	$ 550,558	$ 606,271
Cost of sales	381,989	419,254
Gross profit	168,569	187,017
Operating expenses:		
Selling, general and administrative	136,736	152,854
Depreciation and amortization	11,178	12,296
Stock-based compensation	134	211
Total operating expenses	148,048	165,361
Income from operations	20,521	21,656
Other expense:		
Interest expense, net	12,912	16,438
Total other expense	12,912	16,438
Income before income taxes	7,609	5,218
Income tax expense	2,084	1,444
Net income and comprehensive income	$ 5,525	$ 3,774
Basic earnings per share	$ 0.08	$ 0.06
Diluted earnings per share	$ 0.08	$ 0.06
Weighted average shares outstanding:		
Basic	68,468	68,514
Diluted	68,516	68,553
Unaudited pro forma basic earnings per share (Note 10)		$ 0.07
Unaudited pro forma diluted earnings per share (Note 10)		$ 0.07
Unaudited pro forma weighted average shares outstanding (Note 10):		
Basic		76,317
Diluted		76,356

See notes to condensed consolidated financial statements.

GROCERY OUTLET HOLDING CORP.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)
(unaudited)

	Voting Common		Nonvoting Common		Preferred		Additional	Retained	Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Earnings	Equity
Balance—December 30, 2017	67,381,104	$ 67	1,038,413	$ 1	1	$ —	$ 403,289	$ 23,776	$ 427,133
Cumulative effect of accounting change related to adoption of ASU 2014-09								133	133
Issuance of shares	54,184	—							—
Stock based compensation							134		134
Dividend paid								(79)	(79)
Net income and comprehensive income								5,525	5,525
Balance—March 31, 2018	67,435,288	$ 67	1,038,413	$ 1	1	$ —	$ 403,423	$ 29,355	$ 432,846
Balance—December 29, 2018	67,435,288	$ 67	1,038,413	$ 1	1	$ —	$ 287,457	$ 12,426	$ 299,951
Cumulative effect of accounting change related to adoption of ASU 2016-02								169	169
Issuance of shares	42,438	—							—
Stock based compensation							211		211
Dividend paid								(254)	(254)
Net income and comprehensive income								3,774	3,774
Balance—March 30, 2019	67,477,726	$ 67	1,038,413	$ 1	1	$ —	$ 287,668	$ 16,115	$ 303,851

See notes to condensed consolidated financial statements.

GROCERY OUTLET HOLDING CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	13 Weeks Ended	
	March 31, 2018	March 30, 2019
Operating activities:		
Net income	$ 5,525	$ 3,774
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	9,121	10,287
Amortization of intangible assets	2,414	2,562
Amortization of debt issuance costs	1,093	651
Amortization of bond discounts	—	111
Loss on disposal of assets	(52)	182
Stock-based compensation	134	211
Accounts receivable reserve	1,538	1,483
Deferred lease liabilities	7,288	—
Non-cash lease expense	—	10,747
Deferred income taxes	2,087	1,436
Changes in operating assets and liabilities:		
Independent operator and other accounts receivable	(427)	(29)
Merchandise inventories	(6,908)	(14,216)
Prepaid expenses and other current assets	(418)	988
Income and other taxes payable	(151)	(439)
Trade accounts payable	10,261	16,962
Accrued expenses	4,851	(3,501)
Accrued compensation	(4,811)	299
Operating lease liability	—	(9,268)
Net cash provided by operating activities	31,545	22,240
Investing activities:		
Cash advances to independent operators	(1,737)	(2,171)
Repayments of cash advances from independent operators	810	893
Purchase of property and equipment	(14,228)	(18,399)
Proceeds from sales of assets	154	401
Intangible assets, deposits and licenses	(276)	(721)
Net cash used in investing activities	(15,277)	(19,997)
Financing activities:		
Principal payments on 2014 loans	(1,322)	—
Principal payments on 2018 loans	—	(1,813)
Payments on other financing	(23)	(201)
Dividends paid	(79)	(254)
Deferred offering costs paid	—	(1,442)
Net cash used in financing activities	(1,424)	(3,710)
Net increase (decrease) in cash and cash equivalents	14,844	(1,467)
Cash and cash equivalents—Beginning of the period	5,801	21,063
Cash and cash equivalents—End of the period	$ 20,645	$ 19,596
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 11,395	$ 10,841
Cash refunded for income taxes	$ (3)	$ (80)
Property and equipment accrued at end of period	$ 518	$ 4,117

See notes to condensed consolidated financial statements.

GROCERY OUTLET HOLDING CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying unaudited interim Condensed Consolidated Financial Statements have been prepared from the records of Grocery Outlet Holding Corp. and subsidiaries (the "Company"). All significant intercompany balances and transactions were eliminated. The Condensed Consolidated Balance Sheet as of December 29, 2018 is derived from the Company's annual audited Consolidated Financial Statements for the fiscal year ended December 29, 2018, which should be read in conjunction with these Condensed Consolidated Financial Statements and which are included in the Prospectus herein. Certain information in footnote disclosures normally included in annual financial statements was condensed or omitted for the interim periods presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In the opinion of management, the interim data includes all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the interim periods. The interim results of operations and cash flows are not necessarily indicative of those results and cash flows expected for the year. The Company's results of operations are for the 13 weeks ended March 30, 2019 and March 31, 2018.

Forward Stock Split—On June 6, 2019, the Company effected a 1.403 for 1 forward stock split. All share amounts have been adjusted retroactively for the impact of this forward stock split.

Use of Estimates—The preparation of consolidated 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, 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. Actual results can differ from these estimates depending upon certain risks and uncertainties, and changes in these estimates are recorded when known.

Merchandise Inventories—Merchandise inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out weighted-average cost method for warehouse inventories and the retail inventory method for store inventories. The Company provides for estimated inventory losses between physical inventory counts based on historical averages. This provision is adjusted periodically to reflect the actual shrink results of the physical inventory counts.

Leases—The Company adopted Accounting Standards Update No. 2016-02 ("ASU 2016-02"), *Leases (Topic 842)*, and all subsequent amendments, effective December 30, 2018 using the modified retrospective approach under which the Company recorded the cumulative effect of transition as of the effective date and did not restate comparative periods. Under this transition method the Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets, current lease liabilities, and lease liabilities on the consolidated balance sheets. Finance leases are included in other assets, current portion of long-term debt, and long-term debt on our consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease over the same term. ROU assets and liabilities are recognized at commencement date based on the present value of the lease payments over the lease term, reduced by landlord incentives. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate, which is estimated to approximate the interest rate on a collateralized basis with similar terms and payments based on the information available at the commencement date to determine the present value of our lease payments. The ROU asset also excludes lease

incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Amortization of the ROU asset, interest expense on the lease liability and operating and financing cash flows for finance leases is immaterial.

The Company has lease agreements with retail facilities for store locations, distribution centers, office space and equipment with lease and non-lease components, which are accounted for separately. Leases with an initial term of 12 months or less are not recorded on the balance sheet; lease expense for these leases is recognized on a straight-line basis over the lease term. The short-term lease expense is reflective of the short-term lease commitments on a go forward basis. The Company subleases certain real estate to unrelated third parties under non-cancelable leases and the sublease portfolio consists of operating leases for retail stores.

Segment Reporting—The Company manages its business on the basis of one reportable and operating segment. All of the Company's sales were made to customers located in the United States and all property and equipment is located in the United States.

Fair Value Measurements—The fair value of financial instruments is categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is measured using inputs from the three levels of the fair value hierarchy, which are described as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities

Level 2—Quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3—Inputs that are unobservable (for example, cash flow modeling inputs based on management's assumptions)

The assets' or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table sets forth (in thousands) the fair value of the Company's financial liabilities by level within the fair value hierarchy:

	December 29, 2018	March 30, 2019
Financial Liabilities:		
Long-term debt, long-term portion (Level 2)	$ 845,327	$859,672
Long-term debt, current portion (Level 2)	7,250	5,438
Total financial liabilities (1)	$ 852,577	$865,110

(1) The carrying amounts of the Company's bank debt, before reduction of the debt issuance costs, approximate their fair values as the stated rates approximate market rates for loans with similar terms.

Cash and cash equivalents, IO receivables, other accounts receivable and accounts payable—The carrying value of such financial instruments approximates their fair value due to factors such as the short-term nature or their variable interest rates.

Independent operator notes (net)—The carrying value of such financial instruments approximates their fair value.

Revenue Recognition

Net Sales

The Company recognizes revenues from the sale of products at the point of sale, net of any taxes or deposits collected and remitted to governmental authorities. The Company's performance obligations are satisfied upon the transfer of goods to the customer, at the point of sale, and payment from customers is also due at the time of sale. Discounts provided to customers by the Company are recognized at the time of sale as a reduction in sales as the products are sold. Discounts provided by independent operators are not recognized as a reduction in sales as these are provided solely by the independent operator who bears the incidental costs arising from the discount. The Company does not accept manufacturer coupons.

The Company does not have any material contract assets or receivables from contracts with customers, any revenue recognized in the current year from performance obligations satisfied in previous periods, any performance obligations, or any material costs to obtain or fulfill a contract as of December 29, 2018 and March 30, 2019.

Gift Cards

The Company records a deferred revenue liability when a Grocery Outlet gift card is sold. Revenue related to gift cards is recognized as the gift cards are redeemed, which is when the Company has satisfied its performance obligation. While gift cards are generally redeemed within 12 months, some are never fully redeemed. The Company reduces the liability and recognizes revenue for the unused portion of the gift cards ("breakage") under the proportional method, where recognition of breakage income is based upon the historical run-off rate of unredeemed gift cards. The Company's gift card deferred revenue liability was $1.7 million as of December 29, 2018 and $1.3 million as of March 30, 2019. Breakage amounts were immaterial for the 13 weeks ended March 31, 2018 and March 30, 2019. The Company recognized an immaterial one-time breakage transition adjustment in the first quarter of fiscal 2018 that increased fiscal 2018 opening retained earnings, related to the adoption of ASU 2014-09.

Disaggregated Revenues

The following table presents sales revenue (in thousands) by type of product for the 13 weeks ended March 31, 2018 and March 30, 2019.

	March 31, 2018	March 30, 2019
Perishable (1)	$186,688	$206,956
Non-perishable (2)	363,870	399,315
Total sales	$550,558	$606,271

(1) Perishable departments include dairy and deli; produce and floral; and fresh meat and seafood.
(2) Non-perishable departments include grocery; general merchandise; health and beauty care; frozen foods; and beer and wine.

Variable Interest Entities— In accordance with the variable interest entities sub-section of ASC Topic 810, Consolidation, the Company assesses at each reporting period whether the Company, or any consolidated entity, is considered the primary beneficiary of a variable interest entity ("VIE") and therefore required to consolidate it. Determining whether to consolidate a VIE may require judgment in assessing (i) whether an entity is a VIE, and (ii) if a reporting entity is a VIE's primary beneficiary. A reporting entity is determined to be a VIE's primary beneficiary if it has the power to direct the activities that most significantly impact a VIE's economic performance and the obligation to absorb losses or rights to receive benefits that could potentially be significant to a VIE.

The Company had 308 stores operated by independent operators as of December 29, 2018 and 315 stores operated by independent operators as of March 30, 2019. The Company has Operator Agreements in place with each independent operator. The independent operator orders its merchandise exclusively from the Company which is provided to the independent operator on consignment. Under the independent operator agreement, the independent operator may select a majority of merchandise that the Company consigns to the independent operator, which the independent operator chooses from the Company's merchandise order guide according to the independent operator's knowledge and experience with local customer purchasing trends, preferences, historical sales and similar factors. The independent operator agreement gives the independent operator discretion to adjust the Company's initial prices if the overall effect of all price changes at any time comports with the reputation of the Company's Grocery Outlet retail stores for selling quality, name-brand consumables and fresh products and other merchandise at extreme discounts. Independent operators are required to furnish initial working capital and to acquire certain store and safety assets. The independent operator is required to hire, train and employ a properly trained workforce sufficient in number to enable the independent operator to fulfill its obligations under the independent operator agreement. The independent operator is responsible for expenses required for business operations, including all labor costs, utilities, credit card processing fees, supplies, taxes, fines, levies and other expenses. Either party may terminate the independent operator agreement without cause upon 75 days' notice.

As consignor of all merchandise to each independent operator, the aggregate net sales proceeds from merchandise sales belongs to the Company. Sales related to independent operator stores were $532.7 million and $589.3 million for the 13 weeks ended March 31, 2018 and March 30, 2019, respectively. The Company, in turn, pays independent operators a commission based on a share of the gross profit of the store. Inventories and related sales proceeds are the property of the Company, and the Company is responsible for store rent and related occupancy costs. Independent operator commissions of $82.7 million and $91.2 million were expensed and included in selling, general and administrative expenses for the 13 weeks ended March 31, 2018 and March 30, 2019, respectively. Independent operator commissions of $3.9 million and $5.7 million are included in accrued expenses as of December 29, 2018 and March 30, 2019, respectively.

Independent operators may fund their initial store investment from existing capital, a third-party loan or most commonly through a loan from the Company (Note 2). To ensure independent operator performance, the operator agreements grant the Company security interests in the assets owned by the independent operator. The total investment at risk associated with each independent operator is not sufficient to permit each independent operator to finance its activities without additional subordinated financial support and, as a result, the independent operators are VIEs which the Company has variable interests in. To determine if the Company is the primary beneficiary of these VIEs, the Company evaluates whether it has (i) the power to direct the activities that most significantly impact the independent operator's economic performance and (ii) the obligation to absorb losses or the right to receive benefits of the independent operator that could potentially be significant to the independent operator. The Company's evaluation includes identification of significant activities and an assessment of its ability to direct those activities.

Activities that most significantly impact the independent operator economic performance relate to sales and labor. Sales activities that significantly impact the independent operators' economic performance include determining what merchandise the independent operator will order and sell and the price of such merchandise, both of which the independent operator controls. The independent operator is also responsible for all of their own labor. Labor activities that significantly impact the independent operator's economic performance include hiring, training, supervising, directing, compensating (including wages, salaries and employee benefits) and terminating all of the employees of the independent operator, activities which the independent operator controls. Accordingly, the independent operator has the power to direct the activities that most significantly impact the independent operator's economic performance. Furthermore, the mutual termination rights associated with the operator agreements do not give the Company power over the independent operator.

The Company's maximum exposure to the independent operators is generally limited to the gross receivable due from these entities, which was $27.8 million and $30.2 million as of December 29, 2018 and March 30, 2019 (Note 2).

Recently Issued Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13, which was further updated and clarified by the FASB through issuance of additional related ASUs, amends the guidance surrounding measurement and recognition of credit losses on financial assets measured at amortized cost, including trade receivables and debt securities, by requiring recognition of an allowance for credit losses expected to be incurred over an asset's lifetime based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability. This "expected loss" model will result in earlier recognition of credit losses than the current "as incurred" model, under which losses are recognized only upon an occurrence of an event that gives rise to the incurrence of a probable loss. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and is to be adopted on a modified retrospective basis. The Company will adopt ASU 2016-13 beginning in the first quarter of fiscal 2020 and is currently evaluating the impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU 2018-15"). ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-15 is effective retrospectively for fiscal years and interim periods within those years beginning after December 15, 2019. The Company will adopt ASU 2018-15 beginning in the first quarter of fiscal 2020. The Company does not expect the adoption of ASU 2018-15 to have a material effect on the Company's financial statements.

Recently Adopted Accounting Standards

The Company adopted ASU 2016-02, *Leases (Topic 842)*, on December 30, 2018, using the modified retrospective approach with the cumulative effect of transition. The modified retrospective approach provides a method for recording existing leases at adoption with the comparative reporting periods being presented in accordance with ASU No. 2018-11, *Leases (Topic 840)*. The Company elected a number of the practical expedients permitted under the transition guidance within the new standard. This included the election to apply the practical expedient package upon transition, which comprised the following:

- The Company did not reassess whether expired or existing contracts are or contain a lease;
- The Company did not reassess the classification of existing leases; and
- The Company did not reassess the accounting treatment for initial direct costs.

In addition, the Company elected the practical expedient related to short-term leases, which allows the Company not to recognize a ROU asset and lease liability for leases with an initial expected term of 12 months or less.

Adoption of the new standard resulted in the recording of additional lease assets of $646 million and lease liabilities of $709 million on the consolidated balance sheets as of December 30, 2018, which includes the reclassification of amounts presented in comparative periods as deferred rent as a reduction to the ROU assets. The adoption of the new standard did not result in a material cumulative-effect adjustment to the opening balance of retained earnings. The standard did not materially impact the consolidated statement of income and other comprehensive income or the consolidated statement of cash flows. See Note 3 for further discussion on the adoption of ASU 2016-02.

2. INDEPENDENT OPERATOR NOTES AND RECEIVABLES

The amounts included in independent operator notes and accounts receivable consist primarily of funds loaned to independent operators by the Company, net of amounts that are estimated to be uncollectible.

Independent operator notes are payable on demand and, where applicable, typically bear interest at a rate of 9.95%. Independent operator notes and receivables are also subjected to estimations of collectability based on an evaluation of overall credit quality, the estimated value of the underlying collateral and historical collections experience, including the fact that, typically, independent operators pay third-party operations-related payables prior to paying down their note with the Company. While estimates are required in making this determination, the Company believes that the independent operator notes and receivables balances, net of allowances, represent what the Company expects to collect from independent operators.

Amounts due from independent operators and the related allowances and accruals for estimated losses (in thousands) as of December 29, 2018 and March 30, 2019 consist of the following:

		Allowance				
	Gross	Current portion	Long-term portion	Net	Current portion	Long-term portion
December 29, 2018						
Independent operator notes	$ 23,450	$ (577)	$ (7,926)	$14,947	$1,301	$ 13,646
Independent operator receivables	4,319	(564)	—	3,755	3,755	—
	$ 27,769	$(1,141)	$ (7,926)	$18,702	$5,056	$ 13,646

		Allowance				
	Gross	Current portion	Long-term portion	Net	Current portion	Long-term portion
March 30, 2019						
Independent operator notes	$ 24,733	$ (629)	$ (8,965)	$15,139	$1,255	$ 13,884
Independent operator receivables	5,453	(665)	—	4,788	4,788	—
	$ 30,186	$(1,294)	$ (8,965)	$19,927	$6,043	$ 13,884

3. LEASES

The Company generally leases retail facilities for store locations, distribution centers, office space and equipment and accounts for these leases as operating leases. The Company accounts for one retail store lease and certain equipment leases as finance leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet; lease expense for these leases is recognized on a straight-line basis over the lease term. The Company accounts for lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) separately from the non-lease components (e.g., common-area maintenance costs).

Leases for 16 store locations and one warehouse location relate to property controlled by related parties. The ROU asset and lease liability related to these properties was $46.3 million and $50.4 million, respectively. As of March 30, 2019, the Company had executed leases for 43 store locations that it had not yet taken possession of with total undiscounted future lease payments of $224.1 million over approximately 15 years.

The Company’s lease terms may include options to extend the lease when the Company is reasonably certain that it will exercise such options. Based upon our initial investment in store leasehold improvements, the Company utilizes an initial reasonably certain lease life of 15 years. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 5 years or more. The Company’s leases do not include any material residual value guarantees or material restrictive covenants. The Company also has non-cancelable subleases with unrelated third parties with future minimum rental receipts as of March 30, 2019

totaling $4.1 million ending in various years through 2024, and as of December 29, 2018 totaling $3.6 million ending in various years through 2023, which have not been deducted from the future minimum payments.

The balance sheet classification of our right-of-use assets and lease liabilities as of March 30, 2019 was as follows (in thousands):

Leases	Classification	
Assets:		
Operating lease assets	Operating Right-of-use Asset	$ 659,664
Finance lease assets	Other Assets	4,496
Total leased assets		664,160
Liabilities:		
Current		
Operating	Current operating lease liabilities	32,889
Finance	Current portion of long-term debt	552
Noncurrent		
Operating	Noncurrent operating lease liabilities	692,887
Finance	Long-term debt – net	4,038
Total lease liabilities		$ 730,366

Rental expense (in thousands) for all operating leases for fiscal years ended December 31, 2016, December 30, 2017 and December 29, 2018 (under ASC 840) was as follows:

	Fiscal Year Ended		
	December 31, 2016	December 30, 2017	December 29, 2018
Rent expense—third-party lessors	$ 56,825	$ 72,622	$ 79,347
Rent expense—related parties	6,490	7,309	7,141
Contingent rentals	619	531	548
Less rentals from subleases	(1,129)	(1,079)	(1,075)
Total rent expense	$ 62,805	$ 79,383	$ 85,961

The components of lease expense for the 13 weeks ended March 30, 2019 were as follows (in thousands):

Lease Cost	Classification	
Operating lease cost	Selling, general and administrative expenses	$ 23,211
Finance lease cost:		
Amortization of right-of-use assets	Depreciation and amortization	$ 173
Interest on leased liabilities	Interest expense, net	$ 71
Sublease income	Other income	$ (353)
Net Lease Cost		$ 23,102

Short-term lease expense and variable lease payments for operating expenses were immaterial for the 13 weeks ended March 30, 2019.

The undiscounted future lease payments under the lease liability as of December 29, 2018 (under ASC 840) were as follows (in thousands):

	Third Parties	Related Parties	Total
Fiscal 2019	$ 82,971	$ 6,152	$ 89,123
Fiscal 2020	91,538	6,201	97,739
Fiscal 2021	93,090	6,297	99,387
Fiscal 2022	92,359	6,532	98,891
Fiscal 2023	91,955	6,410	98,365
Fiscal years thereafter	801,832	48,914	850,746
Total future lease payments	$1,253,745	$ 80,506	$1,334,251

The undiscounted future lease payments under the lease liability as of March 30, 2019 were as follows (in thousands):

Maturity of Lease Liabilities	Operating Leases	Finance Leases	Total
Remainder of fiscal 2019	$ 65,341	$ 631	$ 65,972
Fiscal 2020	90,189	756	90,945
Fiscal 2021	90,605	777	91,382
Fiscal 2022	89,954	724	90,678
Fiscal 2023	89,707	622	90,329
Fiscal 2024	88,810	556	89,366
After fiscal 2024	654,755	1,873	656,628
Total lease payments	1,169,361	5,939	$1,175,301
Less: Interest	(443,586)	(1,347)	
Present value of lease liabilities	$ 725,775	$ 4,592	

The weighted-average lease term and discount rate as of March 30, 2019 was as follows:

Lease Term and Discount Rate	
Weighted-average remaining lease term (years):	
Operating leases	12.60
Finance leases	8.47
Weighted-average discount rate:	
Operating leases	7.83%
Finance leases	7.50%

Supplemental cash flow information for the 13 weeks ended March 30, 2019 related to leases was as follows (in thousands):

Other Information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 21,225
Leased assets obtained in exchange for new operating lease liabilities—adoption	$ 641,529
Leased assets obtained in exchange for new operating lease liabilities—first quarter 2019	$ 30,942

4. GOODWILL AND INTANGIBLE ASSETS

Information regarding the Company's goodwill and intangible assets as of December 29, 2018 is as follows (in thousands):

	Useful Lives	Gross carrying amount	Accumulated amortization	Net carrying amount
Trademarks	15 years	$ 58,400	$ (16,431)	$ 41,969
Customer lists	5 years	160	(135)	25
Leasehold interests	1–20 years	30,468	(12,735)	17,733
Computer software	3 years	18,176	(14,324)	3,852
Total finite-lived intangibles		107,204	(43,625)	63,579
Liquor licenses	Indefinite	5,245	—	5,245
Goodwill		747,943	—	747,943
Total goodwill and other intangibles		$ 860,392	$ (43,625)	$ 816,767

Information regarding the Company's goodwill and intangible assets as of March 30, 2019 is as follows (in thousands):

	Useful Lives	Gross carrying amount	Accumulated amortization	Net carrying amount
Trademarks	15 years	$ 58,400	$ (17,404)	$ 40,996
Customer lists	5 years	160	(143)	17
Leasehold interests	1–20 years	30,468	(13,611)	16,857
Computer software	3 years	18,640	(15,021)	3,619
Total finite-lived intangibles		107,668	(46,179)	61,489
Liquor licenses	Indefinite	5,502	—	5,502
Goodwill		747,943	—	747,943
Total goodwill and other intangibles		$ 861,113	$ (46,179)	$ 814,934

Amortization expense on finite-lived intangible assets was $2.4 million and $2.8 million for the 13 weeks ended March 31, 2018 and March 30, 2019, respectively. Liquor license assets have been classified as indefinite-lived intangible assets and accordingly, are not subject to amortization. There were no impairments of goodwill or intangible assets recorded in the 13 weeks ended March 31, 2018 and March 30, 2019.

The estimated future amortization expense related to finite-lived intangible assets on the Company's balance sheet at March 30, 2019 is as follows (in thousands):

Remainder of fiscal 2019	$ 6,982
Fiscal 2020	8,278
Fiscal 2021	7,221
Fiscal 2022	6,297
Fiscal 2023	5,621
Thereafter	27,090
Total	$61,489

5. LONG-TERM DEBT

Long-term debt (in thousands) as of December 29, 2018 and March 30, 2019 consist of the following:

	December 29, 2018	March 30, 2019
Term loans under 2018 First Lien Credit Agreement	$ 723,236	$721,489
Term loans under 2018 Second Lien Credit Agreement	148,535	148,582
Notes payable	—	426
Capital lease	2,019	—
Subtotal	873,790	870,497
Less current portion	(7,349)	(5,705)
Long-term debt	866,441	864,792
Less debt issuance costs	(16,422)	(15,841)
Long-term debt—net	$ 850,019	$848,951

Please refer to Note 5 of the audited 2018 consolidated financial statements for a summary of the First and Second Lien Credit Agreements.

The components of interest expense, net (in thousands) are as follows:

	13 Weeks Ended	
	March 31, 2018	March 30, 2019
Interest on term loan debt	$ 12,093	$ 16,098
Amortization of debt issuance costs	1,093	651
Interest on capital leases	30	71
Other	—	7
Interest income	(304)	(389)
Interest expense, net	$ 12,912	$ 16,438

6. STOCKHOLDERS' EQUITY

Please refer to Note 6 of the audited 2018 consolidated financial statements for a summary of the Company's equity plan and a description of the time-vesting and performance-based options and restricted stock units ("RSUs") granted.

The initial grant-date fair value of options was determined based on the contemporaneous purchase price of the stock issued as a result of the Company's acquisition of Holdings in 2014. The fair value of shares of common stock underlying stock options was the responsibility of, and determined by, the Company's Board of Directors, with input from management. There was no public market for the Company's common stock and the Board of Directors determined the fair value of common stock at the option grant date by considering a number of objective and subjective factors including quarterly independent third-party valuations of the Company's common stock, operating and financial performance, the lack of liquidity of capital stock and general and industry specific economic outlook, among other factors.

As option and RSU awards represent equity awards of the Company, such awards are fair valued as of the grant date. For the time-vesting options, a Black-Scholes valuation model is utilized; for the RSUs, the current stock price estimate is utilized; and for the performance-based options, a Monte Carlo simulation approach implemented in a risk-neutral framework is utilized to fair value the awards.

The respective models resulted in a weighted-average fair value for time-vesting and performance-based options and RSUs granted as of March 30, 2019 as follows:

	March 30, 2019
Time-vesting options	$ 1.65
RSUs	9.57
Performance-vesting options	5.12

The following assumptions were used:

	March 30, 2019
Exercise price	$ 12.52
Volatility	35%
Risk-free rate	2.8%
Dividend yield	0.0%
Expected life (in years)	3.0

The valuation models require the input of highly subjective assumptions. Expected volatility of the options is based on companies of similar growth and maturity and the Company's peer group in the industry in which the Company does business because the Company does not have sufficient historical volatility data for its own shares. The expected term of the options represents the period of time that options granted were expected to be outstanding. The risk-free rate was based on the U.S. treasury zero-coupon issues, with a remaining term equal to the expected term of the options used in the respective valuation model. In the future, the Company's expected volatility and expected term may change, which could change the grant-date fair value of future awards and, ultimately, the expense the Company records.

Time-vesting options, performance-based options, and RSUs under the 2014 plan as of March 30, 2019 are as follows:

	Time-Vesting Options		Performance-Based Options		Restricted Stock Units	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price	Number of RSUs	Weighted-Average Exercise Price
Outstanding—December 29, 2018	5,798,375	7.53	5,795,330	4.40	80,820	—
Granted	49,601	12.52	49,593	12.52	31,927	—
Vested	—	—	—	—	(42,455)	
Exercised	—	—	—	—	—	—
Forfeitures	(20,168)	10.11	(21,571)	7.66	—	—
Outstanding—March 30, 2019	5,827,808	7.57	5,823,352	4.44	70,292	—
Total exercisable at March 30, 2019	4,191,319		—			
Total vested at March 30, 2019					158,368	
Total vested and expected to vest at March 30, 2019	5,743,534		5,729,733		228,660	

The Company recognizes compensation expense on the options and RSUs under the 2014 Plan by amortizing the grant date fair value over the expected vesting period to the extent the Company determines the vesting of the grant is probable.

The Company has not recorded compensation expense related to time-based options held by employees, as involuntary termination, change in control or initial public offering are not probable as of March 30, 2019. Unamortized compensation cost is $25.7 million for outstanding time-based options as of March 30, 2019, which will be amortized over the remaining requisite service period if and when the Company determines that vesting is probable.

The Company recognized $53,720 of compensation expense related to RSUs held by directors in the 13 weeks ended March 30, 2019. Unamortized compensation expense for the RSUs is $0.6 million at March 30, 2019, which will be amortized over the remaining requisite service period.

The Company has determined that the ultimate vesting of the performance-based options is not probable and, accordingly, has not recognized any expense related to these awards. Unamortized compensation cost is $25.9 million for outstanding performance-based options as of March 30, 2019, which will be amortized over the remaining requisite service period if and when the Company determines that vesting is probable. As the ultimate vesting of the performance options has been deemed an unresolved contingent event, these options are not included in the diluted share count. If and when vesting occurs, any vested performance-based options will be included in the diluted share count at that time.

Holdings declared a cash dividend of $86.5 million to its parent company, Intermediate, on June 23, 2016. Intermediate then paid this cash dividend to GO Holding which used the proceeds to make a cash dividend to its stockholders of $1.23 per share. Pursuant to the 2014 Plan, the Company paid a dividend of $1.23 for each exercisable time-vesting option and RSU.

Holdings declared and paid a cash dividend of $152.2 million to its parent company, Intermediate, on October 22, 2018. Intermediate then paid this cash dividend to GO Holding which used the proceeds to make a cash dividend to its stockholders of $2.10 per share. Pursuant to the 2014 Plan, the Company paid a dividend of $2.10 for each exercisable time-vesting option and RSU.

Time-vesting options and RSUs that became exercisable in the 13 weeks ended March 30, 2019, and were outstanding as of the above dividend dates, received the $1.23 and $2.10 dividend. A total of $0.1 million of cash dividends were paid during the 13 weeks ended March 30, 2019.

Stock-based compensation of $0.2 million for the 13 weeks ended March 30, 2019 includes the $0.1 million in dividend payments and $0.1 million in RSU compensation expense.

All performance-based options outstanding at the time of the June 23, 2016 and October 22, 2018 dividends received a $1.23 and $2.10 downward adjustment to the pre-dividend exercise price, respectively.

The dividends triggered a modification of both the time-vesting and performance-based options which resulted in a step-up of the fair value reflected in the remaining unamortized compensation costs disclosed above. In essence, all outstanding option awards with previously determined grant date fair values were replaced with new option awards that were valued using assumptions as of the dividend date. Time-vesting options were revalued using the Black-Scholes model and performance-based options were revalued using the Monte Carlo simulation approach.

For time-vesting options and RSUs that were outstanding at the time of the June 23, 2016 and October 22, 2018 dividend, and are expected to vest in 2019 and beyond, the Company intends to make dividend payments as these time-vesting options and RSUs vest. Pursuant to the 2014 Plan, if the Company is unable to make those payments, it may instead elect to reduce the per share exercise price of each such option by an amount equal to the dividend amount in lieu of making the applicable option payment. As such, the Company’s dividends are not considered declared and payable and are not accrued as a liability in the Company’s Consolidated Balance Sheet as of March 30, 2019.

7. INCOME TAXES

The income tax provision for the thirteen weeks ended March 31, 2018 and March 30, 2019 was $2.1 million, or an effective tax rate of 27.4%, and $1.4 million, or an effective tax rate of 27.7%, respectively.

8. RELATED PARTY TRANSACTIONS

Leases for 16 store locations and one warehouse location relate to property controlled by stockholders.

During the fiscal quarter ended March 31, 2018 and March 30, 2019, one independent operator store was operated by family members of one employee. Independent operator commissions for this store totaled $0.3 million for each of the 13-week periods ended March 31, 2018 and March 30, 2019.

The Company offers interest-bearing notes to independent operators and the gross receivable due from these entities was $27.8 million and $30.2 million as of December 29, 2018 and March 30, 2019 (Note 2).

9. COMMITMENTS AND CONTINGENCIES

The Company is involved from time to time in claims, proceedings, and litigation arising in the normal course of business. The Company does not believe the impact of such litigation will have a material adverse effect on the Company's consolidated financial statements taken as a whole.

10. EARNINGS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

Earnings Per Share Attributable to Common Stockholders

A reconciliation of the numerator and denominator used in the calculation of basic and diluted earnings per share attributable to common stockholders is as follows:

	13 Weeks Ended	
Dollars and shares in thousands, except per share amounts	**March 31, 2018**	**March 30, 2019**
Numerator		
Net income attributable to common stockholders—basic	$ 5,525	$ 3,774
Denominator		
Weighted-average shares of common stock—basic	68,468	68,514
Effect of dilutive RSUs	48	39
Weighted-average shares of common stock—diluted	68,516	68,553
Earnings per share attributable to common stockholders:		
Basic	$ 0.08	$ 0.06
Diluted	$ 0.08	$ 0.06

Unaudited pro forma earnings per share

The unaudited pro forma earnings per share reflects the application of 7,803,438 shares from the proposed initial public offering (assuming the mid-point of the initial public offering price range) that are necessary to cover the portion of the $152.2 million dividend paid to stockholders on October 22, 2018 which was in excess of the Company's historical earnings. Net income attributable to common stockholders has been adjusted to assume no interest was paid on the incremental term loans entered into necessary to finance the dividend.

Dollars and shares in thousands, except per share amounts	13 Weeks Ended March 30, 2019 (unaudited)
Numerator	
Net income attributable to common stockholders—basic	$ 3,774
Adjust for Interest paid on incremental term loans	1,445
Pro forma net income attributable to common stockholders—basic	5,219
Denominator	
Basic:	
Weighted-average shares of common stock—basic	68,514
Add: common shares offered hereby to fund the dividend in excess of earnings	7,803
Pro forma weighted-average shares of common stock—basic	76,317
Diluted:	
Pro forma weighted-average shares of common stock—basic	76,317
Weighted average effect of dilutive RSUs	39
Pro forma weighted-average shares of common stock—diluted	76,356
Pro forma earnings per share attributable to common stockholders:	
Basic	$ 0.07
Diluted	$ 0.07

11. SUBSEQUENT EVENTS

The Company performed an evaluation of subsequent events from the consolidated balance sheets date of March 30, 2019 through May 22, 2019, the date that the consolidated financial statements were available to be issued. This has been updated through June 7, 2019, as described below.

On June 4, 2019, 1,364,348 time-based options with an exercise price equal to the initial public offering price and 161,221 shares of common stock underlying restricted stock units were granted under the Company's 2019 Incentive Plan and will be effective on the pricing of the initial public offering, with respect to options, and upon the effectiveness of the Company's Form S-8, with respect to restricted stock units.

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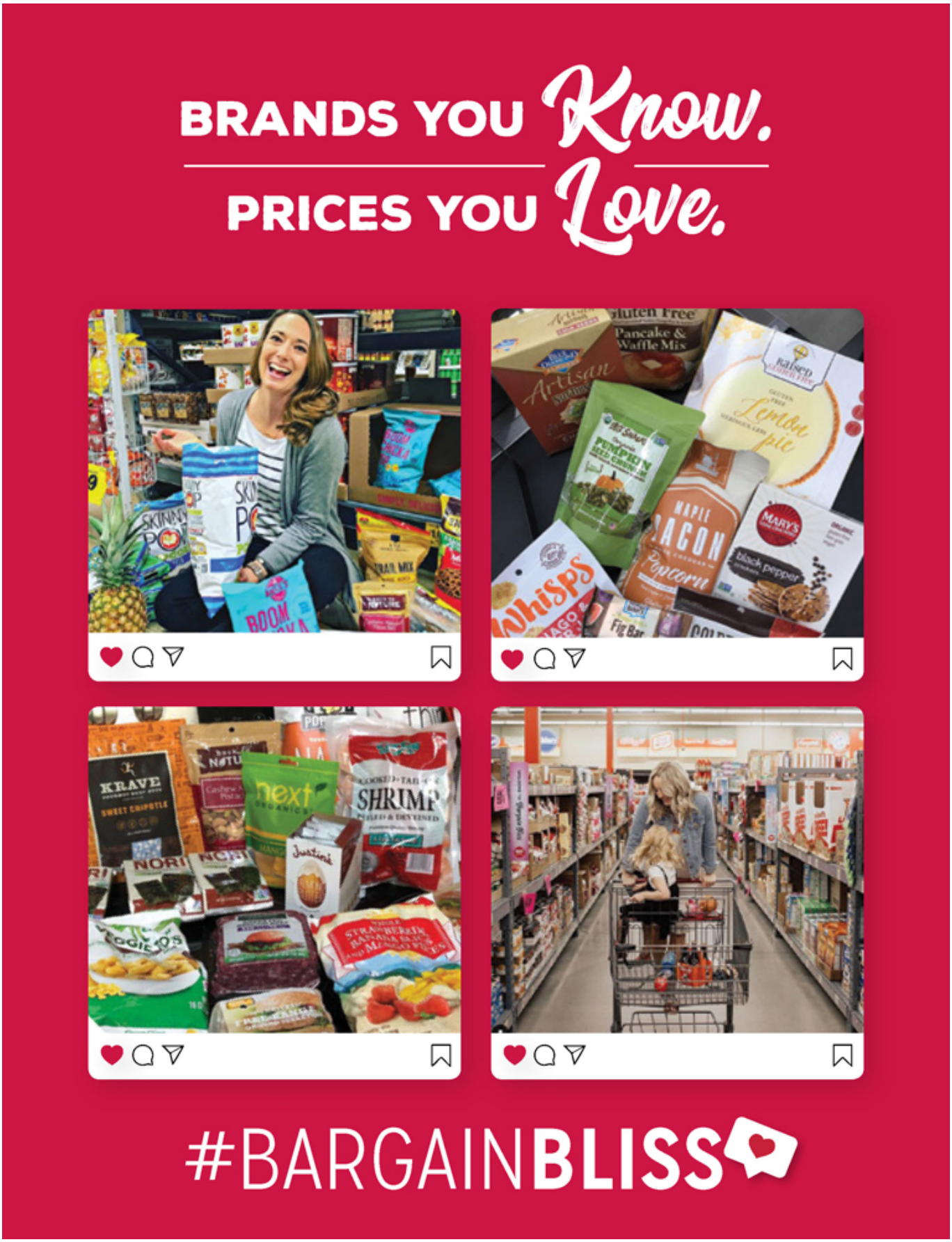

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than the underwriting discount, payable by the registrant in connection with the sale and distribution of the securities being registered. All amounts are estimated except the SEC registration fee, the FINRA filing fee and Nasdaq listing fee.

	Amount to be paid
SEC Registration Fee	$ 40,726
FINRA Filing Fee	50,902
Initial Nasdaq Listing Fee	295,000
Legal Fees and Expenses	2,800,000
Accounting Fees and Expenses	2,250,000
Printing Fees and Expenses	700,000
Blue Sky Fees and Expenses	35,000
Transfer Agent and Registrar Fees	5,000
Miscellaneous Expenses	1,878,848
Total	$ 8,055,476

Item 14. Indemnification of Directors and Officers

Section 102(b)(7) of the Delaware General Corporation Law (the "DGCL") allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our amended and restated certificate of incorporation will provide for this limitation of liability.

Section 145 of the DGCL, provides, among other things, that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. A Delaware corporation may indemnify any persons who were or are a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests, provided further that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses (including attorneys' fees) which such officer or director has actually and reasonably incurred.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify such person under Section 145.

Our amended and restated bylaws will provide that we must indemnify and advance expenses to our directors and officers to the full extent authorized by the DGCL.

Further, prior to the completion of the offering, we expect to enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in our amended and restated bylaws or the DGCL. Such agreements may require us, among other things, to advance expenses and otherwise indemnify our executive officers and directors against certain liabilities that may arise by reason of their status or service as executive officers or directors, to the fullest extent permitted by law. We intend to enter into indemnification agreements with any new directors and executive officers in the future.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, any provision of our amended and restated certificate of incorporation, our amended and restated bylaws, agreement, vote of stockholders or disinterested directors or otherwise. Notwithstanding the foregoing, we shall not be obligated to indemnify a director or officer in respect of a proceeding (or part thereof) instituted by such director or officer, unless such proceeding (or part thereof) has been authorized by the board of directors pursuant to the applicable procedure outlined in the amended and restated bylaws.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held jointly and severally liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

We expect to maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers.

The underwriting agreement provides for indemnification by the underwriters of us and our officers and directors, and by us of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Item 15. Recent Sales of Unregistered Securities

Since June 7, 2016, we have granted stock option and restricted stock units to purchase or acquire, as applicable, an aggregate of 1,549,322 shares of our common stock to employees and directors under our 2014 Stock Incentive Plan. These options have had exercise prices ranging between $8.07 and $13.16 when such options were issued. On June 4, 2019, we granted options to purchase 1,364,348 shares of our common stock to employees effective as of the pricing of this offering. These options will have an exercise price per share of common stock equal to the initial public offering price of our common stock. The issuances of these stock options and restricted stock units were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder, or Rule 701 promulgated under Section 3(b) of the Securities Act, as transactions by an issuer not involving any public offering or

pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. None of the foregoing transactions involved any underwriters, underwriting discounts or commissions or any public offering.

Item 16. Exhibits and Financial Statement Schedules

(a) *Exhibits.* See Exhibit Index immediately preceding the signature page hereto, which is incorporated by reference as if fully set forth herein.

(b) *Financial Statement Schedules*. Schedule I—Registrant's Condensed Financial Statements is included in the registration statement beginning on page F-32.

Item 17. Undertakings

(1) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(2) The undersigned registrant hereby undertakes that:

(a) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus as filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit Number	Description
1.1	Form of Underwriting Agreement
3.1	Form of Amended and Restated Certificate of Incorporation of Grocery Outlet Holding Corp.
3.2	Form of Amended and Restated Bylaws of Grocery Outlet Holding Corp.
4.1	Form of Stock Certificate for Common Stock
4.2	Form of Amended and Restated Stockholders Agreement by and among Grocery Outlet Holding Corp. and the other parties named therein
5.1	Opinion of Simpson Thacher & Bartlett LLP
10.1†	First Lien Credit Agreement, dated as of October 22, 2018, among Globe Intermediate Corp., GOBP Holdings, Inc., Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, the lenders from time to time party thereto and the letter of credit issuers from time to time party thereto
10.2†	First Lien Security Agreement, dated as of October 22, 2018, among Globe Intermediate Corp., GOBP Holdings, Inc., the subsidiaries of GOBP Holdings, Inc. from time to time party thereto and Morgan Stanley Senior Funding, Inc., as collateral agent
10.3†	First Lien Pledge Agreement, dated as of October 22, 2018, among Globe Intermediate Corp., GOBP Holdings, Inc., the subsidiaries of GOBP Holdings, Inc. from time to time party thereto and Morgan Stanley Senior Funding, Inc., as collateral agent
10.4†	First Lien Copyright Security Agreement, dated as of October 22, 2018, between Grocery Outlet, Inc. and Morgan Stanley Senior Funding, Inc., as collateral agent
10.5†	First Lien Trademark Security Agreement, dated as of October 22, 2018, between Grocery Outlet, Inc. and Morgan Stanley Senior Funding, Inc., as collateral agent
10.6†	First Lien Guarantee, dated as of October 22, 2018, among Globe Intermediate Corp., GOBP Holdings, Inc., the subsidiaries of GOBP Holdings, Inc. from time to time party thereto and Morgan Stanley Senior Funding, Inc., as collateral agent
10.7†	Second Lien Credit Agreement, dated as of October 22, 2018, among Globe Intermediate Corp., GOBP Holdings, Inc., Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, and the lenders from time to time party thereto
10.8†	Second Lien Security Agreement, dated as of October 22, 2018, among Globe Intermediate Corp., GOBP Holdings, Inc., the subsidiaries of GOBP Holdings, Inc. from time to time party thereto and Morgan Stanley Senior Funding, Inc., as collateral agent
10.9†	Second Lien Pledge Agreement, dated as of October 22, 2018, among Globe Intermediate Corp., GOBP Holdings, Inc., Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, and the lenders from time to time party thereto
10.10†	Second Lien Copyright Security Agreement, dated as of October 22, 2018, between Grocery Outlet, Inc. and Morgan Stanley Senior Funding, Inc., as collateral agent
10.11†	Second Lien Trademark Security Agreement, dated as of October 22, 2018, between Grocery Outlet, Inc. and Morgan Stanley Senior Funding, Inc., as collateral agent

Exhibit Number	Description
10.12†	Second Lien Guarantee, dated as of October 22, 2018, among Globe Intermediate Corp., GOBP Holdings, Inc., Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, and the lenders from time to time party thereto
10.13†*	Globe Holding Corp. 2014 Stock Incentive Plan
10.14†*	Amended and Restated Performance Vesting Stock Option Grant Notice and Agreement (Globe Holding Corp. 2014 Stock Incentive Plan) (Eric J. Lindberg, Jr., S. MacGregor Read, Jr.), dated October 21, 2014
10.15†*	Amended and Restated Time Vesting Stock Option Grant Notice and Agreement (Globe Holding Corp. 2014 Stock Incentive Plan) (Eric J. Lindberg, Jr., S. MacGregor Read, Jr.), dated October 21, 2014
10.16†*	Form of Performance Vesting Stock Option Grant Notice and Agreement (Globe Holding Corp. 2014 Stock Incentive Plan) (Charles C. Bracher, Robert Joseph Sheedy, Jr., Thomas H. McMahon, Steven K. Wilson)
10.17†*	Form of Time Vesting Stock Option Grant Notice and Agreement (Globe Holding Corp. 2014 Stock Incentive Plan) (Charles C. Bracher, Robert Joseph Sheedy, Jr., Thomas H. McMahon, Steven K. Wilson)
10.18*	Grocery Outlet Holding Corp. 2019 Incentive Plan
10.19*	Form of Nonqualified Option Grant and Award Agreement (Grocery Outlet Holding Corp. 2019 Incentive Plan)
10.20*	Form of Restricted Stock Unit Grant and Award Agreement (Grocery Outlet Holding Corp. 2019 Incentive Plan)
10.21*	Grocery Outlet Inc. 2019 Annual Incentive Plan
10.22†*	Amended and Restated Executive Employment Agreement by and between Eric J. Lindberg, Jr., Grocery Outlet Inc. and Globe Holding Corp., dated October 7, 2014
10.23†*	Amended and Restated Executive Employment Agreement by and between S. MacGregor Read, Jr., Grocery Outlet Inc. and Globe Holding Corp., dated October 7, 2014
10.24†*	Restrictive Covenant Agreement, by and between Eric J. Lindberg, Jr. and Globe Holding Corp., dated September 13, 2014.
10.25†*	Restrictive Covenant Agreement, by and between S. MacGregor Read, Jr. and Globe Holding Corp., dated September 13, 2014.
10.26†*	Grocery Outlet Inc. Executive Change in Control Agreement, by and between Charles C. Bracher, Grocery Outlet Inc. and Globe Holding Corp., dated October 7, 2014
10.27†*	Grocery Outlet Inc. Executive Change in Control Agreement, by and between Robert Joseph Sheedy, Jr., Grocery Outlet Inc. and Globe Holding Corp., dated October 7, 2014
10.28†*	Grocery Outlet Inc. Executive Change in Control Agreement, by and between Thomas H. McMahon, Grocery Outlet Inc. and Globe Holding Corp., dated October 7, 2014
10.29†*	Grocery Outlet Inc. Executive Change in Control Agreement, by and between Steven K. Wilson, Grocery Outlet Inc. and Globe Holding Corp., dated October 7, 2014
10.30*	Form of Globe Holding Corp. Non-Employee Director Restricted Stock Unit Agreement (Globe Holding Corp. 2014 Stock Incentive Plan)
10.31*	Form of Indemnification Agreement between Grocery Outlet Holding Corp. and directors and executive officers of Grocery Outlet Holding Corp.

Exhibit Number	Description
21.1†	Subsidiaries of the Registrant
23.1	Consent of Simpson Thacher & Bartlett LLP (included in Exhibit 5.1)
23.2	Consent of Deloitte & Touche LLP
23.3†	Consent of eSite Inc.
24.1†	Power of Attorney (included in the signature page to the Registration Statement)

† Previously filed.
* Management contract or compensatory plan or arrangement.

Signatures

Pursuant to the requirements of the Securities Act, we have duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Emeryville, State of California, on June 10, 2019.

Grocery Outlet Holding Corp.

By: /s/ Eric J. Lindberg, Jr
Name: Eric J. Lindberg, Jr
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on June 10, 2019.

Signature	Title
/s/ Eric J. Lindberg, Jr Eric J. Lindberg, Jr	Executive Officer and Director (Principal Executive Officer)
/s/ Charles C. Bracher Charles C. Bracher	Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ Lindsay E. Gray Lindsay E. Gray	Vice President Corporate Controller (Principal Accounting Officer)
* Erik D. Ragatz	Director, Chairman of the Board
* Kenneth W. Alterman	Director
* Matthew B. Eisen	Director
* Thomas F. Herman	Director
* S. MacGregor Read, Jr.	Director
* Norman S. Matthews	Director
* Sameer Narang	Director
* Jeffrey York	Director

*By: /s/ Eric J. Lindberg, Jr
Name: Eric J. Lindberg, Jr
Title: Attorney-in-fact

Exhibit 1.1

GROCERY OUTLET HOLDING CORP.

(A Delaware corporation)

[●] Shares of Common Stock

UNDERWRITING AGREEMENT

Dated: [●], 2019

GROCERY OUTLET HOLDING CORP.

(A Delaware corporation)

[●] Shares of Common Stock

UNDERWRITING AGREEMENT

[●], 2019

BofA Securities, Inc.
Morgan Stanley & Co. LLC
Deutsche Bank Securities Inc.
Jefferies LLC

as Representatives of the several Underwriters

c/o BofA Securities, Inc.
One Bryant Park
New York, New York 10036

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

c/o Deutsche Bank Securities Inc.
60 Wall Street
New York, New York 10005

c/o Jefferies LLC
520 Madison Avenue, 10th Floor
New York, New York 10022

Ladies and Gentlemen:

Grocery Outlet Holding Corp., a Delaware corporation (the "Company"), confirms its agreement with BofA Securities, Inc. ("BofAS"), Morgan Stanley & Co. LLC ("Morgan Stanley"), Deutsche Bank Securities Inc. ("Deutsche Bank") and Jefferies LLC ("Jefferies") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom BofAS, Morgan Stanley, Deutsche Bank and Jefferies are acting as representatives (in such capacity, the "Representatives"), with respect to (i) the sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Common Stock, par value $0.001 per share, of the Company ("Common Stock") set forth in Schedule A hereto and (ii) the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of [●] additional shares of Common Stock. The aforesaid [●] shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the [●] shares of Common Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are herein called, collectively, the "Securities."

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company and the Underwriters agree that up to 5% of the Initial Securities to be purchased by the Underwriters (the "Reserved Securities") shall be reserved for sale by the Underwriters to certain persons designated by the Company (the "Invitees"), as part of the distribution of the Securities by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the Financial Industry Regulatory Authority, Inc. ("FINRA") and all other applicable laws, rules and regulations. The Company has solely determined, without any direct or indirect participation by the Underwriters, the Invitees who will purchase Reserved Securities (including the amount to be purchased by such persons) sold by the Underwriters. To the extent that such Reserved Securities are not orally confirmed for purchase by Invitees by 11:59 P.M. (New York City time) on the date of this Agreement, such Reserved Securities may be offered to the public as part of the public offering contemplated hereby.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (No. 333-231428), including the related preliminary prospectus or prospectuses, covering the registration of the sale of the Securities under the Securities Act of 1933, as amended (the "1933 Act"). Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and Rule 424(b) ("Rule 424(b)") of the 1933 Act Regulations. The information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective pursuant to Rule 430A(b) is herein called the "Rule 430A Information." Such registration statement, including the amendments thereto, the exhibits thereto and any schedules thereto, at the time it became effective, and including the Rule 430A Information, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein called the "Rule 462(b) Registration Statement" and, after such filing, the term "Registration Statement" shall include the Rule 462(b) Registration Statement. Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." The final prospectus, in the form first furnished to the Underwriters for use in connection with the offering of the Securities, is herein called the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system or any successor system ("EDGAR").

As used in this Agreement:

"Applicable Time" means [●:00 P./A.M.], New York City time, on [●], 2019 or such other time as agreed by the Company and the Representatives.

"General Disclosure Package" means any Issuer General Use Free Writing Prospectuses issued at or prior to the Applicable Time, the most recent preliminary prospectus that is distributed to investors prior to the Applicable Time and the information included on Schedule C-1 hereto, all considered together.

"Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433 of the 1933 Act Regulations ("Rule 433"), including without limitation any "free writing prospectus" (as defined in Rule 405 of the 1933 Act Regulations ("Rule 405")) relating to the Securities that is (i) required to be filed with the Commission by the Company, (ii) a "road show

that is a written communication" within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Securities or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"Issuer General Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a "*bona fide* electronic road show," as defined in Rule 433 (the "Bona Fide Electronic Road Show")), as evidenced by its being specified in Schedule C-2 hereto.

"Issuer Limited Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company*. The Company represents and warrants to each Underwriter as of the date hereof, the Applicable Time, the Closing Time (as defined below) and any Date of Delivery (as defined below), and agrees with each Underwriter, as follows:

(i) Registration Statement and Prospectuses. Each of the Registration Statement and any amendment thereto has become effective under the 1933 Act. No stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated. The Company has complied with each request (if any) from the Commission for additional information.

Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, the Applicable Time, the Closing Time and any Date of Delivery complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus, the Prospectus and any amendment or supplement thereto, at the time each was filed with the Commission, and, in each case, at the Applicable Time, the Closing Time and any Date of Delivery complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus delivered to the Underwriters for use in connection with this offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Accurate Disclosure. Neither the Registration Statement nor any amendment thereto, at its effective time, on the date hereof, at the Closing Time or at any Date of Delivery, contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. At the Applicable Time and any Date of Delivery, neither (A) the General Disclosure Package nor (B) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Neither the Prospectus nor any amendment or supplement thereto, as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Time or at any Date of Delivery, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement (or any amendment thereto), the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use therein. For purposes of this Agreement, the only information so furnished shall be the information in the first paragraph under the heading "Underwriting (Conflicts of Interest)–Commissions and Discounts," the second and fifth paragraphs under the heading "Underwriting (Conflicts of Interest)–Nasdaq Global Select Market Listing," the information in the second and third paragraphs and the last sentence of the fourth paragraph under the heading "Underwriting (Conflicts of Interest)–Price Stabilization, Short Positions and Penalty Bids", the information under the heading "Underwriting (Conflicts of Interest)–Electronic Distribution" and the last sentence of the paragraph under the heading "Underwriting (Conflicts of Interest)–Conflicts of Interest" in each case contained in the most recent preliminary prospectus delivered to investors prior to the Applicable Time and in the Prospectus (collectively, the "Underwriter Information").

(iii) Issuer Free Writing Prospectuses. No Issuer Free Writing Prospectus, when used, conflicted with the information contained in the Registration Statement or the Prospectus that has not been superseded or modified at that time. The representations and warranties in this subsection shall not apply to statements in or omissions from any Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information. The Company has made available a Bona Fide Electronic Road Show in compliance with Rule 433(d)(8)(ii) such that no filing of any "road show" (as defined in Rule 433(h)) is required in connection with the offering of the Securities.

(iv) Company Not Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Securities and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

(v) Independent Accountants. Subject to the disclosure included under "Experts" in the Registration Statement, the General Disclosure Package and the Prospectus, the accountants who certified the financial statements and supporting schedules included in the Registration Statement, the General Disclosure Package and the Prospectus are independent public accountants with respect to the Company as required by the 1933 Act, the 1933 Act Regulations and the Public Company Accounting Oversight Board.

(vi) Financial Statements; Non-GAAP Financial Measures. The financial statements included in the Registration Statement, the General Disclosure Package and the Prospectus, together with the related schedules and notes, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved except, in the case of unaudited interim financial statements, subject to normal year-end audit adjustments and the exclusion of certain footnotes as permitted by the applicable

rules of the Commission. The supporting schedules, if any, present fairly, in all material respects, in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly, in all material respects, the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the General Disclosure Package or the Prospectus under the 1933 Act or the 1933 Act Regulations. All disclosures contained in the Registration Statement, the General Disclosure Package or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Item 10 of Regulation S-K of the 1933 Act, to the extent applicable.

(vii) No Material Adverse Change in Business. Except as otherwise stated therein, since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(viii) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction (to the extent the concept of "good standing" is applicable in each such jurisdiction) in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not reasonably be expected to result in a Material Adverse Effect.

(ix) Good Standing of Subsidiaries. Each "significant subsidiary" of the Company (as such term is defined in Rule 1-02 of Regulation S-X) (each, a "Subsidiary" and, collectively, the "Subsidiaries") has been duly organized and is validly existing in good standing under the laws of the jurisdiction of its incorporation or organization, has corporate or similar power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction (to the extent the concept of "good standing" is applicable in each such jurisdiction) in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to have such power and authority or to so qualify or to be in good standing would not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, all of the issued and outstanding capital stock of each Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity. None of the outstanding shares of capital stock of any Subsidiary were issued in violation of the preemptive or

similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are (A) the subsidiaries listed on Exhibit 21 to the Registration Statement and (B) certain other subsidiaries which, considered in the aggregate as a single subsidiary, do not constitute a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X.

(x) Capitalization. The authorized, issued and outstanding shares of capital stock of the Company are as set forth in the Registration Statement, the General Disclosure Package and the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except (A) for subsequent issuances, if any, pursuant to this Agreement, pursuant to the conversion of the non-voting Common Stock of the Company into voting Common Stock of the Company as described in the Registration Statement, the General Disclosure Package and the Prospectus, pursuant to reservations, agreements, employee benefit or equity incentive plans referred to in the Registration Statement, the General Disclosure Package and the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Registration Statement, the General Disclosure Package and the Prospectus and (B) the repurchase of the preferred stock of the Company described in the Registration Statement, the General Disclosure Package and the Prospectus). The outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding shares of capital stock of the Company were issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(xi) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(xii) Authorization and Description of Securities. The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued and fully paid and non-assessable; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company. The Common Stock conforms in all material respects to all statements relating thereto contained in the Registration Statement, the General Disclosure Package and the Prospectus and such descriptions conform in all material respects to the rights set forth in the instruments defining the same. No holder of Securities will be subject to personal liability solely by reason of being such a holder.

(xiii) Registration Rights. There are no persons with registration rights or other similar rights to have any securities registered for sale pursuant to the Registration Statement or otherwise registered for sale or sold by the Company under the 1933 Act pursuant to this Agreement, other than those rights that have been disclosed in the Registration Statement, the General Disclosure Package and the Prospectus and have been waived.

(xiv) Absence of Violations, Defaults and Conflicts. Neither the Company nor any of its subsidiaries is (A) in violation of its charter, by-laws or similar organizational document, except, solely with respect to the Company's subsidiaries that are not Subsidiaries, for such violations that would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect, (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the properties or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments"), except for such defaults that would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect, or (C) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of

any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, assets or operations (each, a "Governmental Entity"), except for such violations that would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and in the Registration Statement, the General Disclosure Package and the Prospectus (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described therein under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or any subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect), nor will such action result in any violation of (1) the provisions of the charter, by-laws or similar organizational document of the Company or any of its subsidiaries or (2) any law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity, except, with, respect to (1), solely with respect to the subsidiaries of the Company, such violations that would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect and, with respect to respect to (2), such violations that would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(xv) Absence of Labor Dispute. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any subsidiary's principal suppliers, manufacturers, customers or contractors, which, in either case, would reasonably be expected to result in a Material Adverse Effect.

(xvi) Absence of Proceedings. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, there is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries, which would reasonably be expected to result in a Material Adverse Effect, or which would reasonably be expected to materially and adversely affect their respective properties or assets or the consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder; and the aggregate of all pending legal or governmental proceedings to which the Company or any such subsidiary is a party or of which any of their respective properties or assets is the subject which are not described in the Registration Statement, the General Disclosure Package and the Prospectus, including ordinary routine litigation incidental to the business, could not result in a Material Adverse Effect.

(xvii) Accuracy of Exhibits. There are no contracts or documents which are required under the 1933 Act or the 1933 Act Regulations to be described in the Registration Statement, the General Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement which have not been so described and filed as required.

(xviii) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except (A) such as have been already obtained or as may be required under the 1933 Act, the 1933 Act Regulations, the rules of the Nasdaq Stock Market LLC, state securities laws or the rules of FINRA and (B) such as have been obtained under the laws and regulations of jurisdictions outside the United States in which the Reserved Securities were offered.

(xix) Possession of Licenses and Permits. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate Governmental Entities necessary to conduct the business now operated by them, except where the failure so to possess would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. The Company and its subsidiaries are in compliance with the terms and conditions of all Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. All of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received any written notice of proceedings relating to the revocation or modification of any Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Effect.

(xx) Title to Property. The Company and its subsidiaries do not own any real property. All of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Registration Statement, the General Disclosure Package or the Prospectus, are in full force and effect, and neither the Company nor any such subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease, except where such failure to be in effect or such claim would reasonably be expected to result in a Material Adverse Effect.

(xxi) Possession of Intellectual Property. The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, except where the failure to own, possess or acquire would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received any notice of or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would form a reasonable basis to render any Intellectual Property invalid, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

(xxii) Environmental Laws. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus or would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any applicable federal, state, local or, to the Company's knowledge, foreign statute, law, rule, regulation, ordinance, code or rule of common law or any legally binding policy, or judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mold (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of, or exposure to, Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required for their respective operations under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or, to the Company's knowledge, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings, and neither the Company nor its subsidiaries is subject to any costs or liabilities, in each case relating to any Hazardous Materials or Environmental Law against or relating to the Company or any of its subsidiaries and (D) to the Company's knowledge, there are no events or circumstances that would reasonably be expected to result in an order for clean-up or remediation, or an action, suit or proceeding by any private party or Governmental Entity, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, (A) there are no facts or circumstances regarding compliance with Environmental Laws that could reasonably be expected to have a material effect on the capital expenditures, earnings or competitive position of the Company and its subsidiaries, and (B) neither the Company nor any of its subsidiaries (1) is subject to any pending administrative or judicial proceeding pursuant to any Environmental Law in which any governmental entity is also a party, other than such proceedings regarding which the Company reasonably believed no monetary sanctions of $100,000 or more will be imposed, nor does the Company or any of its subsidiaries know of any such proceeding being contemplated, by any Governmental Entity, or (2) anticipates any material capital expenditures relating to any Environmental Laws.

(xxiii) Accounting Controls. To the extent required by Rule 13a-15 under the 1934 Act Regulations (as defined in Section 3(b) herein), the Company and each of its consolidated subsidiaries maintain effective internal control over financial reporting (as defined under Rule 13a-15 and 15d-15 under the 1934 Act Regulations) and a system of internal accounting controls designed to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, since the end of the Company's most recent audited fiscal year, there has been (1) no material weakness (as defined in Rule 1-02 of Regulation S-X of the 1933 Act Regulations) in the Company's internal control over financial reporting (whether or not remediated) and (2) no change in the Company's internal control over financial reporting that has materially adversely affected, or is reasonably likely to materially adversely affect, the Company's internal control over financial reporting.

(xxiv) Compliance with the Sarbanes-Oxley Act. The Company has taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, it will be in compliance with all provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder or implementing the provisions thereof (the "Sarbanes-Oxley Act") that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement, and is, or will be, actively taking steps to ensure that it will be in compliance with other provisions of the Sarbanes-Oxley Act which will become applicable to the Company at such times after the effectiveness of the Registration Statement as the same will become applicable to the Company.

(xxv) Payment of Taxes. All United States federal income tax returns of the Company and its subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided or any assessments that would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. The Company and its subsidiaries have filed all tax returns that are required to have been filed by them pursuant to applicable state or local law, and to the Company's knowledge, foreign or other law, except insofar as the failure to file such returns would not reasonably be expected to result in a Material Adverse Effect, and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company and its subsidiaries, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been established by the Company or any assessments that would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not reasonably be expected to result in a Material Adverse Effect.

(xxvi) Insurance. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, the Company and its Subsidiaries carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, or self-insurance in such amounts and covering such risks as the Company believes is generally maintained by companies of established repute and comparable size engaged in the same or similar business, and all such insurance is in full force and effect. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, the Company has no reason to believe that it or any of its Subsidiaries will not be able (A) to renew its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not reasonably be expected to result in a Material Adverse Effect.

(xxvii) Investment Company Act. The Company is not required, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Registration Statement, the General Disclosure Package and the Prospectus will not be required, to register as an "investment company" under the Investment Company Act of 1940, as amended.

(xxviii) Absence of Manipulation. Neither the Company nor any affiliate of the Company has taken, nor will the Company or any affiliate take, directly or indirectly, any action which is designed, or would reasonably be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or to result in a violation of Regulation M under the 1934 Act.

(xxix) Foreign Corrupt Practices Act. None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Company and, to the knowledge of the Company, its controlled affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(xxx) Money Laundering Laws. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "Money Laundering Laws"); and no action, suit or proceeding by or before any Governmental Entity involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(xxxi) OFAC. None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, affiliate or representative of the Company or any of its subsidiaries is an individual or entity ("Person") currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union or Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), nor is the Company located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not directly or indirectly use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiaries, joint venture partners or other Person, to fund any activities of or business with any Person, or in any country or territory, in a manner that would, at the time of such funding, constitute a violation of Sanctions or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(xxxii) Sales of Reserved Securities. In connection with any offer and sale of Reserved Securities outside the United States, each preliminary prospectus, the Prospectus and any amendment or supplement thereto, at the time it was distributed, complied and will comply in all material respects with any applicable laws or regulations of foreign jurisdictions in which the same is distributed, if any. The Company has not offered, or caused the Representatives to offer, Reserved Securities to any person with the specific intent to unlawfully influence (i) a customer or supplier of the Company or any of its affiliates to alter the customer's or supplier's level or type of business with any such entity or (ii) a trade journalist or publication to write or publish favorable information about the Company or any of its affiliates, or their respective businesses or products.

(xxxiii) Lending Relationship. The Company intends to use the proceeds from the sale of the Securities to repay outstanding debt, some of which may be owed to the Underwriters or their respective affiliates.

(xxxiv) Statistical and Market-Related Data. Any statistical and market-related data included in the Registration Statement, the General Disclosure Package or the Prospectus are based on or derived from sources that the Company believes, after reasonable inquiry, to be reliable and accurate and, to the extent required, the Company has obtained the written consent to the use of such data from such sources.

(xxxv) No Rated Debt. No securities issued or guaranteed by, or loans to, the Company are rated by any "nationally recognized statistical rating organization" (as defined by the Commission in Section 3(a)(62) of the 1934 Act).

(xxxvi) Cybersecurity. (A) To the knowledge of the Company, and except where the impact of which would not reasonably be expected to result in a Material Adverse Effect, there has been no security breach or attack, or other compromise of or relating to the Company or its subsidiaries information technology and computer systems, networks, hardware, software, data and databases (including the data and information of their respective customers, employees, suppliers, vendors and any third party data maintained, processed or stored by the Company and its subsidiaries, and any such data processed or stored by third parties on behalf of the Company and its subsidiaries), equipment or technology (collectively, "IT Systems and Data") and (B) neither the Company nor its subsidiaries have been notified of, and each of them have no knowledge of any event or condition that could reasonably be expected to result in, any security breach or attack or other compromise to their IT Systems and Data. The Company and its subsidiaries are presently in material compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, misappropriation or modification, except where the failure to maintain such compliance would not reasonably be expected to result in a Material Adverse Effect.

(xxxvii) Applicable Laws. The Company and each of its subsidiaries have conducted and are conducting their business, operations and facilities in material compliance with the applicable provisions of the Dietary Supplement Health and Education Act of 1994, as amended, the Federal Food, Drug, and Cosmetic Act, as amended, the Federal Trade Commission Act of 1914, as amended, the Dietary Supplement and Nonprescription Consumer Protection Act of 2006, as amended, the Dietary Supplement Safety Act of 2010, as amended, and any consent decrees to which the Company or any of its subsidiaries are a party; to the knowledge of the Company and except as disclosed in the General Disclosure Package or the Prospectus, there are no facts that are reasonably likely to cause any federal, state, or local regulatory authority to (A) initiate a regulatory action, including but not limited to a warning letter, field notification, field correction, safety alert, recall, or withdrawal relating to any product manufactured or sold by or for the Company or any of its subsidiaries, or (B) take an action or make a decision that would cause a change in the marketing classification or labeling on any product manufactured, marketed or sold by or for the Company or any of its subsidiaries, except in the case of clause (A) and (B) above, for any such action or decision as would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(xxxviii) Marketing. The Company and each of its subsidiaries are in compliance with the applicable requirements of the Federal Trade Commission rules governing advertising, product promotion and other applicable provisions of federal, state, local and other U.S. laws or regulations relating to advertising and product promotion, except where such non-compliance would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(xxxix) Credit Cards. The operations of the Company and its subsidiaries are, and have at all times been, conducted in compliance in all material respects with all provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009, as amended, and the rules and regulations thereunder (collectively, the "Credit Card Laws"); no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Credit Card Laws is pending or, to the knowledge of the Company, threatened, except for any such action, suit or proceeding as would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) *Officer's Certificates*. Any certificate signed by any officer of the Company or any of its subsidiaries delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

(c) *Representations and Warranties by the Underwriters.* Each Underwriter represents and warrants to the Company as of the date hereof, the Applicable Time, the Closing Time and any Date of Delivery, and agrees with the Company that unless such Underwriter obtains the prior written consent of the Company, neither it nor any person acting on its behalf will make any offer relating to the Securities that would constitute a "free writing prospectus," or a portion thereof, in connection with the offering of the Securities, except a "free writing prospectus" that contains no "issuer information" (as defined in Rule 433(h)(2) under the 1933 Act) that was not included (including through incorporation by reference) in any preliminary prospectus or a previously filed Issuer Free Writing Prospectus; provided that the Company will be deemed to have consented to the Issuer Free Writing Prospectuses listed on Schedule C-2 hereto and any "road show that is a written communication" that has been reviewed by the Company.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) *Initial Securities*. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per share set forth in Schedule A, that proportion of the number of Initial Securities set forth in Schedule B opposite the name of the which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof, bears to the total number of Initial Securities, subject, in each case, to such adjustments among the Underwriters as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional shares.

(b) *Option Securities*. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional [•] shares of Common Stock, as set forth in Schedule B, at the price per share set forth in Schedule A, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted may be exercised for 30 days after the date hereof and may be exercised in whole or in part at any time from time to time upon notice by the Representatives to the Company setting forth the number of Option Securities as to which the several Underwriters are then

exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representatives, but shall not, without the consent of the Company, be earlier than 36 hours or later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time; provided that notwithstanding the previous sentence, if the Underwriters exercise the option hereby granted at any time prior to the Closing Time, the Date of Delivery for such Option Securities shall be the Closing Time. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject, in each case, to such adjustments as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Payment*. Payment of the purchase price for, and delivery of certificates or security entitlements for, the Initial Securities shall be made at the offices of Davis Polk & Wardwell LLP, 1600 El Camino Real, Menlo Park CA 94025, or at such other place as shall be agreed upon by the Representatives and the Company, at 9:00 A.M. (New York City time) on the second (third, if the pricing occurs after 4:30 P.M. (New York City time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10 hereof), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called the "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates or security entitlements for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from the Representatives to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to the bank accounts designated by the Company against delivery to the Representatives for the respective accounts of the Underwriters of certificates or security entitlements for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Any or each of the Representatives, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests*. The Company, subject to Section 3(b) hereof, will comply with the requirements of Rule 430A, and will notify the Representatives promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any preliminary prospectus or the Prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings

for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the 1933 Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the 1933 Act in connection with the offering of the Securities. The Company will effect all filings required under Rule 424(b), in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof as soon as practicable.

(b) *Continued Compliance with Securities Laws*. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Registration Statement, the General Disclosure Package and the Prospectus. If at any time prior to the earlier of (1) the completion of the distribution of all of the Securities by the Underwriters and (2) the expiration of nine months after the date of the Prospectus, a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172 of the 1933 Act Regulations ("Rule 172"), would be) required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) amend or supplement the General Disclosure Package or the Prospectus in order that the General Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the General Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly (A) give the Representatives notice of such event, (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the General Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representatives with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representatives or counsel for the Underwriters shall reasonably object promptly after receipt thereof, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. The Company will give the Representatives notice of its intention to make any filing pursuant to the 1934 Act or the rules and regulations of the Commission under the 1934 Act (the "1934 Act Regulations") from the Applicable Time to the Closing Time and will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall reasonably object. In the event that any Underwriter is required to deliver a prospectus (or, but for the exception afforded by Rule 172, would be) by the applicable law in connection with sales of the Securities at any time nine months or more after the date of the Prospectus, upon such Underwriter's request but at the expense of such Underwriter, the Company shall prepare and deliver to such Underwriter as many written and electronic copies as such Underwriter may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the 1933 Act.

(c) *Delivery of Registration Statements*. The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, if requested, without charge, conformed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and conformed copies of all consents and certificates of experts. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses*. The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. Until the earlier of (1) the completion of the distribution of all of the Securities by the Underwriters and (2) the expiration of nine months after the date of the Prospectus, during any period when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, the Company shall deliver, without charge, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. Following the earlier of (1) the completion of the distribution of all of the Securities by the Underwriters and (2) the expiration of nine months after the date of the Prospectus, during any period when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, the Company shall deliver, at the expense of the requesting Underwriter, such number of copies of the Prospectus (as amended or supplemented) as requested by such Underwriters. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Blue Sky Qualifications*. The Company will use its commercially reasonable best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representatives may reasonably designate and to maintain such qualifications in effect so long as required to complete the distribution of the Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(f) *Rule 158*. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available (which may be satisfied by filing with the Commission pursuant to EDGAR) to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide to the Underwriters the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(g) *Use of Proceeds*. The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Registration Statement, the General Disclosure Package and the Prospectus under “Use of Proceeds.”

(h) *Listing*. The Company will use its reasonable best efforts to effect and maintain the listing of the Common Stock (including the Securities) on the Nasdaq Global Select Market.

(i) *Restriction on Sale of Securities*. During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of BofAS and Morgan Stanley, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file or confidentially submit any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock,

whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in the Registration Statement, the General Disclosure Package and the Prospectus, (C) any shares of Common Stock issued, options to purchase Common Stock or other equity incentive awards granted pursuant to employee benefit, equity incentive or employee stock purchase plans of the Company referred to in the Registration Statement the General Disclosure Package and the Prospectus, (D) any shares of Common Stock issued pursuant to any non-employee director stock plan or any dividend reinvestment plan referred to in the Registration Statement, the General Disclosure Package and the Prospectus, (E) the filing of any registration statement on Form S-8 or any successor form thereto with respect to the registration of securities to be offered under any employee benefit, equity incentive or employee stock purchase plans of the Company referred to in the Registration Statement, the General Disclosure Package and the Prospectus, (F) the conversion of the non-voting Common Stock of the Company into voting Common Stock of the Company as described in the Registration Statement, the General Disclosure Package and the Prospectus, (G) the issuance of shares of Common Stock in connection with the acquisition by the Company or any of its subsidiaries of the securities, business, property or other assets of another person or business entity or pursuant to any employee benefit plan assumed by the Company in connection with any such acquisition, or (H) the issuance of shares of Common Stock, of restricted stock awards or of options to purchase shares of Common Stock, in each case, in connection with joint ventures, commercial relationships or other strategic transactions, provided, however, that in the case of any issuance described in (G) or (H) above, the aggregate number of shares of Common Stock issued in connection with, or issuable pursuant to the exercise of any options or equity incentive awards issued in connection with, all such acquisitions and other transactions does not exceed 5% of the aggregate number of shares of Common Stock outstanding immediately following the consummation of the offering of the Securities and it shall be a condition to such issuance that each recipient executes and delivers to BofAS and Morgan Stanley, acting on behalf of the Underwriters a written agreement, in substantially the form of Exhibit B to this Agreement.

(j) If BofAS and Morgan Stanley, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up agreement described in Section 5(j) hereof for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit C hereto through a major news service or by other means reasonably satisfactory to the Representatives at least two business days before the effective date of the release or waiver.

(k) *Reporting Requirements*. The Company, during the period when a Prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and 1934 Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Securities as may be required under Rule 463 under the 1933 Act.

(l) *Issuer Free Writing Prospectuses*. The Company agrees that, unless it obtains the prior written consent of the Representatives, it will not make any offer relating to the Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a “free writing prospectus,” or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representatives will be deemed to have consented to the Issuer Free Writing Prospectuses listed on Schedule C-2 hereto and any “road show that is a written communication” within the meaning of Rule 433(d)(8)(i) that has been reviewed by the Representatives. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or

deemed consented to, by the Representatives as an "issuer free writing prospectus," as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus and prior to the later of (1) the completion of the distribution of the Securities and (2) the date that is nine months after the date of the Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement, any preliminary prospectus or the Prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(m) *Certification Regarding Beneficial Owners*. The Company will deliver to the Representatives, on the date of execution of this Agreement, a properly completed and executed Certification Regarding Beneficial Owners of Legal Entity Customers, together with copies of identifying documentation, and the Company undertakes to provide such additional supporting documentation as the Representatives may reasonably request in connection with the verification of the foregoing certification.

(n) *Compliance with FINRA Rules*. The Company hereby agrees that it will ensure that the Reserved Securities will be restricted as required by FINRA or the FINRA rules from sale, transfer, assignment, pledge or hypothecation. The Underwriters will notify the Company as to which persons will need to be so restricted. At the request of the Underwriters, the Company will direct the transfer agent to place a stop transfer restriction upon such securities for such period of time. Should the Company release, or seek to release, from such restrictions any of the Reserved Securities, the Company agrees to reimburse the Underwriters for any reasonable expenses (including, without limitation, legal expenses) they incur in connection with such release.

SECTION 4. Payment of Expenses.

(a) *Expenses*. The Company will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of copies of each preliminary prospectus, each Issuer Free Writing Prospectus and the Prospectus and any amendments or supplements thereto and any reasonable costs associated with electronic delivery of any of the foregoing by the Underwriters to investors, (iii) the preparation, issuance and delivery of the certificates or security entitlements for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(e) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, subject to the limitation described in Section 4(a)(viii) below, (vi) the fees and expenses of any transfer agent or registrar for the Securities, (vii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Securities, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged with the Company's consent in connection with the road show presentations, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and 50% of the cost of aircraft chartered to be used in connection with the road show by both the Underwriters and the Company; provided, however, that the Underwriters and the Company agree that

the Underwriters shall pay for the travel and lodging expenses of the Underwriters, (viii) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with the review by FINRA of the terms of the sale of the Securities; provided that in no case shall the Company be required to pay or cause to be paid an amount in connection with such fees and disbursements, together with the fees and disbursements described in Section 4(a)(v) above, in excess of $50,000, (ix) the fees and expenses incurred in connection with the listing of the Securities on the Nasdaq Global Select Market, (x) the costs and expenses (including, without limitation, any damages or other amounts payable in connection with legal or contractual liability) associated with the reforming of any contracts for sale of the Securities made by the Underwriters caused by a breach of the representation contained in the third sentence of Section 1(a)(ii), and (xi) the reasonable costs and expenses of the Underwriters, including the reasonable fees and disbursements of counsel for the Underwriters in an amount not to exceed $20,000, in connection with matters related to the Reserved Securities which are designated by the Company for sale to Invitees.

(b) *Termination of Agreement*. If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5, Section 9(a)(i) or (iii) or Section 10 hereof, the Company shall reimburse the non-defaulting Underwriters for all of their reasonable and documented out-of-pocket expenses that were actually incurred, including the reasonable and documented fees and disbursements of counsel for the Underwriters. For the avoidance of doubt, in the case of termination by the Underwriters in accordance with the provisions of Section 10 hereof, the Company shall have no obligation to reimburse any defaulting Underwriter pursuant to this Section 4(b).

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy, when made and on each Date of Delivery, of the representations and warranties of the Company contained herein or in certificates of any officer of the Company or any of its subsidiaries delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement; Rule 430A Information*. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and, at the Closing Time, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, are contemplated; and the Company has complied with each request (if any) from the Commission for additional information. A prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) without reliance on Rule 424(b)(8) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

(b) *Opinion and Negative Assurance Letter of Counsel for Company*. At the Closing Time, the Representatives shall have received the opinion and negative assurance letter, dated the Closing Time, of Simpson Thacher & Bartlett LLP, counsel for the Company, to the effect set forth in Exhibits A-1 and A-2 hereto and in form reasonably satisfactory to counsel for the Underwriters, together with reproduced copies of such opinion and letter for each of the other Underwriters.

(c) *Opinion of Counsel for Underwriters*. At the Closing Time, the Representatives shall have received the favorable opinion, dated the Closing Time, of Davis Polk & Wardwell LLP, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters with respect to certain of the matters set forth in Exhibits A-1 and A-2 hereto and other related matters as the Representatives may require. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the General Corporation Law of

the State of Delaware and the federal securities laws of the United States, upon the opinions of counsel satisfactory to the Representatives. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers and other representatives of the Company and its subsidiaries and certificates of public officials.

(d) *Officer's Certificate*. At the Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of the Chief Executive Officer, the President or the Chief Financial Officer of the Company, dated the Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of the Closing Time, (iii) the Company has complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement under the 1933 Act has been issued, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to their knowledge, contemplated by the Commission.

(e) *Chief Financial Officer's Certificate*. At the time of the execution of this Agreement and at the Closing Time, the Representatives shall have received from the chief financial officer of the Company a certificate, dated the date hereof or the Closing Time, respectively, as to the accuracy of certain financial and other information included in the Registration Statement, the General Disclosure Package and the Prospectus in form and substance reasonably satisfactory to the Representatives;

(f) *Accountant's Comfort Letter*. At the time of the execution of this Agreement, the Representatives shall have received from Deloitte & Touche LLP a letter, dated such date, in form and substance reasonably satisfactory to the Representatives, together with reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the General Disclosure Package and the Prospectus.

(g) *Bring-down Comfort Letter*. At the Closing Time, the Representatives shall have received from Deloitte & Touche LLP a letter, dated as of the Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (f) of this Section, except that the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(h) *Approval of Listing*. At the Closing Time, the Securities shall have been approved for listing on the Nasdaq Global Select Market, subject only to official notice of issuance.

(i) *No Objection*. FINRA shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements relating to the offering of the Securities.

(j) *Lock-up Agreements*. At the date of this Agreement, the Representatives shall have received an agreement substantially in the form of Exhibit B hereto signed by the persons listed on Schedule D hereto.

(k) *Conditions to Purchase of Option Securities*. In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officer's Certificate. A certificate, dated such Date of Delivery, of the Chief Executive Officer, the President or the Chief Financial Officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(d) hereof remains true and correct as of such Date of Delivery.

(ii) Opinions of Counsel for Company. If requested by the Representatives, the opinion and negative assurance letter of Simpson Thacher & Bartlett LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the letters required by Section 5(b) hereof.

(iii) Opinion of Counsel for Underwriters. If requested by the Representatives, the favorable opinion of Davis Polk & Wardwell LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(iv) Chief Financial Officer's Certificate. If requested by the Representatives, a certificate from the chief financial officer of the Company, in form and substance reasonably satisfactory to the Representatives, dated such Date of Delivery, substantially in the same form and substance as the certificate furnished to the Representatives pursuant to Section 5(e) hereof.

(vii) Bring-down Comfort Letter. If requested by the Representatives, a letter from Deloitte & Touche LLP, in form and substance reasonably satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(f) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than three business days prior to such Date of Delivery.

(l) *Additional Documents*. At the Closing Time and at each Date of Delivery (if any) counsel for the Underwriters shall have been furnished with such customary documents as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(m) *Termination of Agreement*. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7, 8, 14, 15, 16 and 17 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) *Indemnification of Underwriters*. The Company agrees to indemnify and hold harmless each Underwriter, its affiliates (as such term is defined in Rule 501(b) under the 1933 Act (each, an "Affiliate")), its selling agents and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included (A) in any preliminary prospectus, any Issuer Free Writing Prospectus, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto), or (B) in any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the offering of the Securities ("Marketing Materials"), including any road show or investor presentations made to investors by the Company (whether in person or electronically), or the omission or alleged omission in any preliminary prospectus, Issuer Free Writing Prospectus, Prospectus or in any Marketing Materials of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(e) below) any such settlement is effected with the written consent of the Company;

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Representatives), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, the General Disclosure Package, any preliminary prospectus, any Issuer Free Writing Prospectus, Prospectus or in any Marketing Materials (or any amendment or supplement thereto) in reliance upon and in conformity with the Underwriter Information.

(b) Reserved.

(c) *Indemnification of Company, Directors and Officers*. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration

Statement (or any amendment thereto), including the Rule 430A Information, the General Disclosure Package, any preliminary prospectus, any Issuer Free Writing Prospectus, Prospectus or in any Marketing Materials (or any amendment or supplement thereto) in reliance upon and in conformity with the Underwriter Information.

(d) *Actions against Parties; Notification*. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by the Representatives, which counsel shall be reasonably satisfactory to the Company, and, in the case of parties indemnified pursuant to Section 6(c) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any Governmental Entity commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) *Settlement without Consent if Failure to Reimburse*. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by this Section 6, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) or settlement of any claim in connection with any violation referred to in Section 6(f) effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(f) *Indemnification for Reserved Securities*. In connection with the offer and sale of the Reserved Securities, the Company agrees to indemnify and hold harmless the Underwriters, their Affiliates and selling agents and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, from and against any and all loss, liability, claim, damage and expense (including, without limitation, any legal or other expenses reasonably incurred in connection with defending, investigating or settling any such action or claim), as incurred, (i) arising out of the violation of any applicable laws or regulations of foreign jurisdictions where Reserved Securities have been offered, (ii) arising out of any untrue statement or alleged untrue statement of a material fact contained in any prospectus wrapper or other material prepared by or with the consent of the Company for distribution to Invitees in connection with the offering of the Reserved Securities or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (iii) caused by the failure

of any Invitee to pay for and accept delivery of Reserved Securities which have been orally confirmed for purchase by any Invitee by 11:59 P.M. (New York City time) on the date of this Agreement or (iv) related to, or arising out of or in connection with, the offering of the Reserved Securities; provided, however, that this indemnity shall not apply to (1) any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, the General Disclosure Package, any preliminary prospectus, any Issuer Free Writing Prospectus, Prospectus or in any Marketing Materials (or any amendment or supplement thereto) or any other material prepared for distribution to Invitees in connection with the offering of the Reserved Securities in reliance upon and in conformity with the Underwriter Information or (2) with respect to clause (iv) any loss, liability, claim, damage or expense that shall have been finally judicially determined by a court of competent jurisdiction to have been caused by the gross negligence or willful misconduct of such indemnified party.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand, and of the Underwriters, on the other hand, in connection with the statements or omissions, or in connection with any violation of the nature referred to in Section 6(f) hereof, which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (after deducting underwriting discounts and commissions but before deducting expenses) received by the Company, on the one hand, and the total underwriting discount received by the Underwriters, on the other hand, in each case as set forth on the cover of the Prospectus, bear to the aggregate initial public offering price of the Securities as set forth on the cover of the Prospectus.

The relative fault of the Company, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or any violation of the nature referred to in Section 6(f) hereof.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any documented legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any Governmental Entity, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the underwriting commissions received by such Underwriter in connection with the Securities underwritten by it and distributed to the public.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Underwriter's Affiliates and selling agents shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors, or any person controlling the Company and (ii) delivery of and payment for the Securities.

SECTION 9. Termination of Agreement.

(a) *Termination*. The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to the Closing Time (i) if there has been, in the judgment of the Representatives, since the time of execution of this Agreement or since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, such as to make it, in the judgment of the Representatives impractical or inadvisable to proceed with the completion of the offering contemplated hereby or to enforce contracts for sales of the Securities, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the completion of the offering or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the Nasdaq Global Select Market, or (iv) if trading generally on the Nasdaq Global Select Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by order of the Commission, FINRA or any other governmental authority, or (v) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, or (vi) if a banking moratorium has been declared by either Federal or New York authorities.

(b) *Liabilities*. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7, 8, 14, 15, 16 and 17 hereof shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at the Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(i) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(ii) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase, and the Company to sell, the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either (i) the Representatives or (ii) the Company shall have the right to postpone the Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement, the General Disclosure Package or the Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to BofAS at One Bryant Park, New York, New York 10036, attention of Syndicate Department (facsimile: (646) 855-3073), with a copy to ECM Legal (facsimile: (212) 230-8730); to Morgan Stanley at 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department; to Deutsche Bank at 60 Wall Street, 2nd Floor, New York, New York 10005, Attention: Equity Capital Markets – Syndicate Desk, with a copy to Deutsche Bank Securities Inc., 60 Wall Street, 36th Floor, New York, New York 10005, Attention: General Counsel (facsimile: (646) 374-1071); and to Jefferies at 520 Madison Avenue, New York, New York 10022, Attention: General Counsel (facsimile: (646) 619-4437); and notices to the Company shall be directed to it at 5650 Hollis Street Emeryville, CA 94608, Attention: General Counsel (facsimile: (510) 644-9994).

SECTION 12. No Advisory or Fiduciary Relationship. The Company acknowledges and agrees that (a) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the initial public offering price of the Securities and any related discounts and commissions, is an arm's-

length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering of the Securities and the process leading thereto, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company or any of its subsidiaries or its stockholders, creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering of the Securities or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company or any of its subsidiaries on other matters) and no Underwriter has any obligation to the Company with respect to the offering of the Securities except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of each of the Company, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering of the Securities and the Company has consulted its own respective legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

SECTION 13. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section 13, a "BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k). "Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b). **"**Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable. "U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

SECTION 14. Parties. This Agreement shall inure to the benefit of and be binding upon the Underwriters and the Company and each of their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters, the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters, the Company and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 15. Trial by Jury. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

SECTION 16. GOVERNING LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF, THE STATE OF NEW YORK WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS.

SECTION 17. Consent to Jurisdiction; Waiver of Immunity. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby shall be instituted in (i) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (ii) the courts of the State of New York located in the City and County of New York, Borough of Manhattan (collectively, the "Specified Courts"), and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court, as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit, action or other proceeding brought in any such court has been brought in an inconvenient forum.

SECTION 18. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 19. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement.

SECTION 20. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Company in accordance with its terms.

Very truly yours,

GROCERY OUTLET HOLDING CORP.

By _____
Name:
Title:

CONFIRMED AND ACCEPTED,
as of the date first above written:

BOFA SECURITIES, INC.

By _____
Authorized Signatory

MORGAN STANLEY & CO. LLC

By _____
Authorized Signatory

DEUTSCHE BANK SECURITIES INC.

By _____
Authorized Signatory

JEFFERIES LLC

By _____
Authorized Signatory

For themselves and as Representatives of the other Underwriters named in Schedule A hereto.

SCHEDULE A

The initial public offering price per share for the Securities shall be $[●].

The purchase price per share for the Securities to be paid by the several Underwriters shall be $[●], being an amount equal to the initial public offering price set forth above less $[●] per share, subject to adjustment in accordance with Section 2(b) for dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

Name of Underwriter	Number of Initial Securities
BofA Securities, Inc.	
Morgan Stanley & Co. LLC	
Deutsche Bank Securities Inc.	
Jefferies LLC	
Barclays Capital Inc.	
Goldman Sachs & Co. LLC	
Guggenheim Securities, LLC	
UBS Securities LLC	
Cowen and Company, LLC	
Telsey Advisory Group	
Drexel Hamilton, LLC	
Penserra Securities LLC	
Total	[●]

SCHEDULE B

	Number of Initial Securities to be Sold	Maximum Number of Option Securities to be Sold
GROCERY OUTLET HOLDING CORP.	[●]	[●]

SCHEDULE C-1

Pricing Terms

1. The Company is selling [●] shares of Common Stock.

2. The Company has granted an option to the Underwriters, severally and not jointly, to purchase up to an additional [●] shares of Common Stock.

3. The initial public offering price per share for the Securities shall be $[●].

SCHEDULE C-2

Free Writing Prospectuses

[SPECIFY EACH ISSUER GENERAL USE FREE WRITING PROSPECTUS]

SCHEDULE D

List of Persons and Entities Subject to Lock-up

FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 5(b)

[See Attached]

BofA Securities, Inc.
Morgan Stanley & Co. LLC
Deutsche Bank Securities Inc.
Jefferies LLC
and the other several Underwriters
named in Schedule A to the
Underwriting Agreement
referred to below

c/o BofA Securities, Inc.
One Bryant Park
New York, New York 10036

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

c/o Deutsche Bank Securities Inc.
60 Wall Street
New York, New York 10005

c/o Jefferies LLC
520 Madison Avenue, 10th Floor
New York, New York 10022

Ladies and Gentlemen:

We have acted as counsel to Grocery Outlet Holding Corp., a Delaware corporation (the "Company"), in connection with the purchase by you of an aggregate of [●] shares (the "Shares") of Common Stock, par value $0.001 per share (the "Common Stock"), of the Company from the Company pursuant to the Underwriting Agreement, dated [●], 2019 (the "Underwriting Agreement"), between the Company and you (the "Underwriters").

We have examined the Registration Statement on Form S-1 (File No. 333-231428) (the "Registration Statement") filed by the Company under the Securities Act of 1933, as amended (the "Securities Act"); the preliminary prospectus dated [●], 2019 relating to the Shares (the

"Preliminary Prospectus") included in the Registration Statement immediately prior to the time the Registration Statement became effective under the Securities Act; the prospectus dated [●], 2019 relating to the Shares (the "Prospectus") filed by the Company pursuant to Rule 424(b) of the rules and regulations of the Securities and Exchange Commission (the "Commission") under the Securities Act and the Underwriting Agreement. We also have examined a specimen certificate representing the Common Stock. We have relied as to matters of fact upon the representations and warranties contained in the Underwriting Agreement. In addition, we have examined, and have relied as to matters of fact upon, the documents delivered to you at the closing and upon originals, or duplicates or certified or conformed copies, of such records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company and have made such other investigations, as we have deemed relevant and necessary in connection with the opinions hereinafter set forth.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that:

1. The Company is validly existing and in good standing as a corporation under the law of the State of Delaware. The Company has full corporate power and authority to conduct its business as described in the Preliminary Prospectus and the Prospectus.

2. The Company has the authorized Common Stock and preferred stock, par value $0.001 per share, in each case as identified on as "as adjusted" basis, set forth in the Preliminary Prospectus and the Prospectus under the heading "Capitalization". The Shares to be sold by the Company have been duly authorized, and, upon payment and delivery in accordance with the Underwriting Agreement, the Shares to be sold by the Company will be, validly issued, fully paid and nonassessable.

3. The statements made in each of the Preliminary Prospectus and the Prospectus under the caption "Description of Capital Stock," insofar as they purport to constitute summaries of certain terms of the capital stock (including the Shares) of the Company, constitute accurate summaries of such terms in all material respects.

4. The statements made in each of the Preliminary Prospectus and the Prospectus under the caption "Certain United States Federal Income and Estate Tax Consequences to Non-U.S. Holders," insofar as they purport to constitute summaries of certain provisions of U.S. federal income tax law and regulations or legal conclusions with respect thereto, constitute accurate summaries of such matters in all material respects.

5. The Underwriting Agreement has been duly authorized, executed and delivered by the Company.

6. The issue and sale of the Shares by the Company and the execution, delivery and performance by the Company of the Underwriting Agreement will not breach or result in a default under any loan agreement or other agreement or instrument identified on Schedule I hereto, nor will such action violate the Certificate of Incorporation or By-laws of the Company or any federal or New York State statute or the Delaware General Corporation Law or any rule or regulation that has been issued pursuant to any federal or New York State statute or the Delaware General Corporation Law, except that it is understood that no opinion is given in this paragraph 6 with respect to any federal or state securities law or any rule or regulation issued pursuant to any federal or state securities law.

7. No consent, approval, authorization or order of, or registration or qualification with, any federal or New York State governmental agency or body or any Delaware State governmental agency or body acting pursuant to the Delaware General Corporation Law or, to our knowledge, any federal or New York State court or any Delaware State court acting pursuant to the Delaware General Corporation Law is required for the issue and sale of the Shares by the Company and the execution, delivery and performance by the Company of the Underwriting Agreement, except that it is understood that no opinion is given in this paragraph 7 with respect to any federal or state securities law or any rule or regulation issued pursuant to any federal or state securities law.

8. The Registration Statement has become effective under the Securities Act and the Prospectus was filed on [●], 2019 pursuant to Rule 424(b) of the rules and regulations of the Commission under the Securities Act and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued or proceeding for that purpose has been instituted or threatened by the Commission.

9. There are no preemptive rights under federal or New York State law or under the Delaware General Corporation Law to subscribe for or purchase shares of the Common Stock. Except as disclosed in the Preliminary Prospectus and the Prospectus, there are no preemptive or other rights to subscribe for or purchase, nor any restriction upon the voting or transfer of, the Shares pursuant to the Company's Certificate of Incorporation or By-laws or any agreement or other instrument identified on Schedule I hereto.

10. There are no contracts or agreements identified on Schedule I hereto between the Company and any other person granting such person the right (other than rights which have been waived or satisfied) to require the Company to include any securities of the Company owned or to be owned by such person in the securities registered pursuant to the Registration Statement.

11. The Company is not, and after giving effect to the issue and sale of the Shares and assuming the application of the proceeds therefrom as described in the Prospectus, the Company would not as of the date hereof be, an "investment company" within the meaning of and subject to regulation under the Investment Company Act of 1940, as amended.

Our opinions set forth in paragraphs 6 and 7 above are limited to our review of only the statutes, rules and regulations that, in our experience, are customarily applicable to transactions of the type provided for in the Underwriting Agreement and exclude statutes, rules and regulations that are part of a regulatory scheme applicable to any party or any of their affiliates due to the specific assets or business of such party or such affiliates. No opinion is expressed in paragraph 6 above as to compliance with any financial or accounting test, or any limitation or restriction expressed as a dollar (or other currency) amount, or based in whole or in part, on a ratio or percentage in any of the agreements or instruments identified on Schedule I hereto.

Insofar as our opinions relate to the valid existence and good standing of the Company, such opinions are based solely on confirmation from public officials and certificates of officers of the Company.

We do not express any opinion herein concerning any law other than the law of the State of New York, the federal law of the United States and the Delaware General Corporation Law.

This opinion letter is rendered to you in connection with the above-described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent.

Very truly yours,

SIMPSON THACHER & BARTLETT LLP

SCHEDULE I

List of Agreements and Instruments

FORM OF NEGATIVE ASSURANCE LETTER OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 5(b)

[See Attached]

[●], 2019

BofA Securities, Inc.
Morgan Stanley & Co. LLC
Deutsche Bank Securities Inc.
Jefferies LLC
and the other several Underwriters
named in Schedule A to the
Underwriting Agreement
referred to below

c/o BofA Securities, Inc.
One Bryant Park
New York, New York 10036

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

c/o Deutsche Bank Securities Inc.
60 Wall Street
New York, New York 10005

c/o Jefferies LLC
520 Madison Avenue, 10th Floor
New York, New York 10022

Ladies and Gentlemen:

We have acted as counsel to Grocery Outlet Holding Corp., a Delaware corporation (the "Company"), in connection with the purchase by you of an aggregate of [●] shares (the "Shares") of Common Stock, par value $0.001 per share, of the Company from the Company pursuant to the Underwriting Agreement, dated [●], 2019 (the "Underwriting Agreement"), between the Company and you.

We have not independently verified the accuracy, completeness or fairness of the statements made or included in the Registration Statement on Form S-1 (File No. 333-231428) (the "Registration Statement") filed by the Company under the Securities Act of 1933, as amended (the "Securities Act"); the preliminary prospectus dated [●], 2019 relating to the Shares (the "Preliminary Prospectus") included in the Registration Statement immediately prior to the time the Registration Statement became effective under the Securities Act; the prospectus dated [●], 2019 relating to the Shares (the "Prospectus") filed by the Company pursuant to Rule 424(b) of the rules and regulations of the Securities and Exchange Commission (the "Commission") under the Securities Act; or the information listed on Schedule C-1 to the Underwriting Agreement [and the free writing prospectuses listed on Schedule C-2 to the Underwriting Agreement] (such information [and free writing prospectuses], together with the Preliminary Prospectus, the "Pricing Disclosure Package"), and we take no responsibility therefor, except as and to the extent set forth in numbered paragraphs 3, 4 and 5 of our opinion letter to you dated the date hereof.

In connection with, and under the circumstances applicable to, the offering of the Shares, we participated in conferences with certain officers and employees of the Company, representatives of Deloitte & Touche LLP, your representatives and your counsel in the course of the preparation by the Company of the Registration Statement, the Preliminary Prospectus and the Prospectus and also reviewed certain records and documents furnished to us, by the Company, as well as the documents delivered to you at the closing. Based upon our review of the Registration Statement, the Pricing Disclosure Package and the Prospectus, our participation in the conferences referred to above, our review of the records and documents as described above, as well as our understanding of the U.S. federal securities laws and the experience we have gained in our practice thereunder:

(i) we advise you that each of the Registration Statement (including the information contained in the Prospectus deemed to be a part thereof), as of the date it became effective under the Securities Act, and the Prospectus, as of its date, appeared, on its face, to be appropriately responsive, in all material respects, to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder, except that in each case we express no view with respect to the financial statements or other financial or accounting data contained in or omitted from the Registration Statement or the Prospectus; and

(ii) nothing has come to our attention that causes us to believe that (a) the Registration Statement (including the information contained in the Prospectus deemed to be a part thereof), as of the date it became effective under the Securities Act, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading, (b) the Pricing Disclosure Package, as of [●] [a.m.][p.m.] (New York City time), on [●], 2019, being the Applicable Time specified in the Underwriting Agreement, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (c) the Prospectus, as of its date or as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that we express no belief in any of clauses (a), (b) or (c) above with respect to the financial statements or other financial or accounting data contained in or omitted from the Registration Statement, the Pricing Disclosure Package or the Prospectus.

This letter is delivered to you in connection with the above-described transaction. This letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation.

Very truly yours,

SIMPSON THACHER & BARTLETT LLP

[Form of lock-up from directors, officers or other stockholders pursuant to Section 5(k)]

Exhibit B

[See Attached]

[Form of lock-up from directors, officers or other stockholders pursuant to Section 5(k)]

[●], 2019

BofA Securities, Inc.
Morgan Stanley & Co. LLC

as Representatives of the several Underwriters

c/o BofA Securities, Inc.
One Bryant Park
New York, New York 10036

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

Re: Proposed Public Offering by Grocery Outlet Holding Corp.

Dear Sirs:

The undersigned, a stockholder and/or an officer or director of Grocery Outlet Holding Corp., a Delaware corporation (the "Company"), understands that BofA Securities, Inc. ("BofAS") and Morgan Stanley & Co. LLC ("Morgan Stanley"), as representatives of the several underwriters (the "Underwriters"), propose to enter into an Underwriting Agreement (the "Underwriting Agreement") with the Company providing for the public offering of shares of the Company's common stock, par value $0.001 per share (such common stock, the "Common Stock" and such public offering, the "Offering"). In recognition of the benefit that the Offering will confer upon the undersigned as a stockholder and/or an officer or director of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each Underwriter to be named in the Underwriting Agreement that, during the period beginning on the date hereof and ending on the date that is 180 days from the date of the Underwriting Agreement (such period, the "Lock-Up Period"), the undersigned will not, without the prior written consent of BofAS and Morgan Stanley, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition (collectively, the "Lock-Up Securities"), or exercise any right with respect to the registration of any of the Lock-up Securities, or file, cause to be filed or cause to be confidentially submitted any registration statement in connection therewith, under the Securities Act of 1933, as amended, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of shares of Common Stock or other securities, in cash or otherwise. If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any issuer-directed shares of Common Stock the undersigned may purchase in the Offering.

If the undersigned is an officer or director of the Company, (1) BofAS and Morgan Stanley agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock or other securities, BofAS and Morgan Stanley will notify the Company of the impending release or waiver, and (2) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by BofAS and Morgan Stanley hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (i) the release or waiver is effected solely to permit a transfer not for consideration[,][and] (ii) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer[and (iii) in connection with a release or waiver provided for in the next succeeding paragraph][1].

[1] NTD: Bracketed language to be included only in the lock-up agreements of the H&F Stockholders and the Executive/Read Trust Stockholders.

[If any holder or holders of any Lock-Up Securities is granted an early release from the restrictions described herein during the Lock-Up Period with respect to any Lock-Up Securities having a fair market value in excess of $1.0 million in the aggregate (whether in one or multiple releases), then each of the Major Holders (as defined below) shall also be granted an early release from their respective obligations hereunder on a pro rata basis based on the maximum percentage of Lock-Up Securities held by any such holder or holders being released from such holder's lock-up agreement; provided, however, that in the case of an early release from the restrictions described herein during the Lock-Up Period in connection with an underwritten public offering, whether or not such offering or sale is wholly or partially a secondary offering of the Company's Common Stock (an "Underwritten Sale"), such early release shall only apply with respect to such Major Holder's participation in such Underwritten Sale. For purposes of this lock-up agreement, each of the following persons is a "Major Holder": the H&F Stockholders and the Executive/Read Trust Stockholders (as such terms are defined in the Stockholders Agreement, dated October 7, 2014, among the Company and the other parties thereto) (for purposes of determining the number of Lock-Up Securities beneficially owned by a holder, all Lock-Up Securities held by investment funds affiliated with such stockholder shall be aggregated).]

Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer the Lock-Up Securities without the prior written consent of BofAS and Morgan Stanley, provided that (1) in the case of any transfer described in clauses (i) though (v) below, BofAS and Morgan Stanley receive a signed lock-up agreement for the balance of the Lock-Up Period from each donee, trustee, distributee, or transferee, as the case may be, (2) in the case of any transfer described in clauses (i), (ii), (iii) and (xiii) below, any such transfer shall not involve a disposition for value, provided that in no event shall any transfer pursuant to such clauses in respect of any carry, distribution or dividend or any Company reorganization, merger or conversion be deemed to involve a disposition for value, (3) in the case of any transfer described in clauses (ii), (iii), (ix) and (x) below, such transfers are not required to be reported with the Securities and Exchange Commission (the "SEC") on Form 4 in accordance with Section 16 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), during the Lock-Up Period, and (4) in the case of any transfer described in clauses (i) through (v), (ix) and (xii) below, the undersigned does not otherwise voluntarily effect any public filing or public report regarding such transfer during the Lock-Up Period:

(i) as a *bona fide* gift or gifts or by will, by intestate succession or pursuant to a so-called "living trust" or other revocable trust established to provide for the disposition of property on the undersigned's death, in each case to any member of the immediate family (for purposes of this lock-up agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin) of the undersigned, or as a *bona fide* gift or gifts to a charity or educational institution; provided that if the undersigned is required to report such transfer with the SEC on Form 4 in accordance with Section 16 of the 1934 Act

during the Lock-Up Period, the undersigned shall include a statement in such report to the effect that such transfer is not a transfer for value and that such transfer is being made as a gift, by will or intestate succession or pursuant to a so-called "living trust" or other revocable trust established to provide for the disposition of property on the undersigned's death, as the case may be;

(ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned;

(iii) to partners, members, stockholders or holders of another equity interest of the undersigned (including, for the avoidance of doubt, any divided or distribution-in-kind of shares of Common Stock to such persons or entities);

(iv) to the undersigned's direct or indirect affiliates (as defined under Rule 12b-2 of the 1934 Act) or to any investment fund or other entity controlled or managed by the undersigned; provided that any filing under Section 16(a) of the 1934 Act in connection with such transfer shall indicate, to the extent permitted by such Section and the related rules and regulations, the reason for such disposition and that such transfer of shares of Common Stock did not involve a disposition for value;

(v) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (i) through (iv);

(vi) to the Company (a) pursuant to the exercise, in each case on a "cashless" or "net exercise" basis, of any option to purchase shares of Common Stock granted by the Company pursuant to any employee benefit plans or arrangements described in or filed as an exhibit to the registration statement with respect to the Offering, where any shares of Common Stock received by the undersigned upon any such exercise will be subject to the terms of this lock-up agreement, or (b) for the purpose of satisfying any withholding taxes (including estimated taxes) due as a result of the exercise of any option to purchase shares of Common Stock or the vesting of any restricted stock or restricted stock unit awards granted by the Company pursuant to employee benefit plans or arrangements described in or filed as an exhibit to the registration statement with respect to the Offering, in each case on a "cashless" or "net exercise" basis, where any shares of Common Stock received by the undersigned upon any such exercise or vesting will be subject to the terms of this lock-up agreement; provided that any filing under Section 16(a) of the 1934 Act in connection with such transfer shall indicate, to the extent permitted by such Section and the related rules and regulations, the reason for such disposition and that such transfer of shares of Common Stock was solely to the Company;

(vii) by operation of law pursuant to an order of a court or regulatory agency (for purposes of this lock-up agreement, a "court or regulatory agency" means any domestic or foreign, federal, state or local government, including any political subdivision thereof, any governmental or quasi-governmental authority, department, agency or official, any court or administrative body, and any national securities exchange or similar self-regulatory body or organization, in each case of competent jurisdiction) or pursuant to a domestic order in connection with a divorce settlement; provided that any filing under Section 16(a) of the 1934 Act in connection with such transfer shall indicate, to the extent permitted by such Section and the related rules and regulations, that such transfer is by operation of law pursuant to an order of court or regulatory agency or divorce settlement;

(viii) to the Company pursuant to any put or call provisions of existing employment agreements and equity grant documents described in or filed as an exhibit to the registration statement with respect to the Offering; provided that any filing under Section 16(a) of the 1934 Act in connection with such transfer shall indicate, to the extent permitted by such Section and the related rules and regulations, the reason for such disposition and that such transfer of shares of Common Stock or capital stock was solely to the Company;

(ix) acquired in the Offering (unless the undersigned is an officer or director of the Company) or in open-market transactions after the completion of the Offering;

(x) acquired from the Company pursuant to any of the Company's employee stock purchase plans described in or filed as an exhibit to the registration statement with respect to the Offering;

(xi) in response to a *bona fide* third party tender offer, merger, consolidation or other similar transaction made to or with all holders of capital stock involving a "change of control" (as defined below) of the Company, that has been approved by the board of directors of the Company, provided that in the event that the tender offer, merger, consolidation or other such transaction is not completed, the undersigned's shares of Common Stock shall remain subject to the terms of this agreement; for purposes of this clause (xi), "change of control" means the consummation of any *bona fide* third party tender offer, merger, consolidation or other similar transaction the result of which is that any "person" (as defined in Section 13(d)(3) of the 1934 Act), or group of persons, other than the Company, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the 1934 Act) of more than 50% of total voting power of the voting stock of the Company;

(xii) the entry into a trading plan established in accordance with Rule 10b5-1 under the 1934 Act, provided that, in the case of this clause (xii), (a) sales under any such trading plan may not occur during the Lock-Up Period and (b) to the extent a public announcement or filing under the 1934 Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment or amendment of such plan, such announcement or filing shall include a statement to the effect that no transfer of shares of Common Stock may be made under such plan during the Lock-Up Period;

(xiii) to the undersigned's direct or indirect general partner or managing member or to certain officers or members thereof in connection with such general partner's, managing member's, officers' or members' donation to charitable organizations, family foundations or donor-advised funds at sponsoring organizations; provided that if any reports under the 1934 Act are required to be filed as a result of such transfer, such reports shall include a statement to the effect that such filing relates to a transfer in connection with a donation to a charitable organization, family foundation or donor-advised fund at a sponsoring organization; or

(xiv) to the Underwriters pursuant to the Underwriting Agreement.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Lock-Up Securities except in compliance with the foregoing restrictions.

If for any reason (1) the Underwriting Agreement is not executed by the parties thereto prior to September 30, 2019, (2) the Underwriting Agreement is terminated (other than the provisions thereof which survive termination) after execution prior to the Closing Time (as defined in the Underwriting

Agreement), (3) the Company files an application with the SEC to withdraw the registration statement with respect to the Offering, or (4) the Company notifies the Underwriters in writing that it does not intend to proceed with the Offering, this lock-up agreement shall automatically be terminated and become null and void.

Very truly yours,

IF AN INDIVIDUAL:

_____

(duly authorized signature)

Name: _____

(please print full name)

Address:

_____

_____

E-mail: _____

IF AN ENTITY:

_____

(please print complete name of entity)

By: _____

(duly authorized signature)

Name: _____

(please print full name)

Title: _____

(please print full title)

Address:

_____

_____

E-mail:

FORM OF PRESS RELEASE
TO BE ISSUED PURSUANT TO SECTION 3(j)

GROCERY OUTLET HOLDING CORP.
[Date]

Grocery Outlet Holding Corp. (the "Company") announced today that BofA Merrill Lynch and Morgan Stanley, the lead book-running managers in the Company's recent public sale of [●] shares of common stock, is [waiving] [releasing] a lock-up restriction with respect to shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

FORM OF

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

GROCERY OUTLET HOLDING CORP.

*** * * * ***

The present name of the corporation is Grocery Outlet Holding Corp. (the "Corporation"). The Corporation was incorporated under the name "Cannery Sales Holding Corp" by the filing of the Corporation's original Certificate of Incorporation with the Secretary of State of the State of Delaware on September 11, 2014. This Amended and Restated Certificate of Incorporation of the Corporation (the "Certificate of Incorporation"), which restates and integrates and also further amends the provisions of the Corporation's Certificate of Incorporation, as amended and restated, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware and by the written consent of its stockholders in accordance with Section 228 of the General Corporation Law of the State of Delaware. The Certificate of Incorporation of the Corporation, as amended and restated, is hereby amended, integrated and restated to read in its entirety as follows:

ARTICLE I
NAME

The name of the Corporation is Grocery Outlet Holding Corp.

ARTICLE II
REGISTERED OFFICE AND AGENT

The address of the registered office of the Corporation in the State of Delaware is 200 Bellevue Parkway, Suite 210 in the City of Wilmington, County of New Castle, 19809. The name of the registered agent of the Corporation in the State of Delaware at such address is Intertrust Corporate Services Delaware Services Ltd.

ARTICLE III
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV
CAPITAL STOCK

The total number of shares of all classes of stock that the Corporation shall have authority to issue is 550,000,000, which shall be divided into two classes as follows:

500,000,000 shares of common stock, par value $0.001 per share ("Common Stock"); and

50,000,000 shares of preferred stock, par value $0.001 per share ("Preferred Stock").

I. ***Capital Stock*****.**

A. The board of directors of the Corporation (the "Board of Directors") is hereby expressly authorized, by resolution or resolutions, at any time and from time to time, to provide, out of the unissued shares of Preferred Stock, for one or more series of Preferred Stock and, with respect to each such series, to fix, without further stockholder approval, the number of shares constituting such series and the designation of such series, the powers (including voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, of such series of Preferred Stock. The powers (including voting powers), preferences and relative, participating, optional and other special rights of, and the qualifications, limitations or restrictions thereof, of each series of Preferred Stock, if any, may differ from those of any and all other series at any time outstanding.

B. Each holder of record of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. Except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) or pursuant to the DGCL.

C. Except as otherwise required by law, holders of any series of Preferred Stock shall be entitled to only such voting rights, if any, as shall expressly be granted thereto by this Certificate of Incorporation (including any certificate of designation relating to such series of Preferred Stock).

D. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Common Stock with respect to the payment of dividends, dividends may be declared and paid ratably on the Common Stock out of the assets of the Corporation that are legally available for this purpose at such times and in such amounts as the Board of Directors in its discretion shall determine.

E. Upon the dissolution, liquidation or winding up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Common Stock with respect to the distribution of assets of the Corporation upon such dissolution, liquidation or winding up of the Corporation, the holders of Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them.

F. The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of any of the Common Stock or the Preferred Stock voting separately as a class shall be required therefor, unless a vote of any such holder is required pursuant to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock).

ARTICLE V
AMENDMENT OF THE CERTIFICATE OF INCORPORATION AND BYLAWS

A. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, at any time when H&F (as defined in Article VI(B) below) beneficially own, in the aggregate, less than 40% in voting power of the stock of the Corporation entitled to vote generally in the election of directors, in addition to any vote required by applicable law, the following provisions in this Certificate of Incorporation may be amended, altered, repealed or rescinded, in whole or in part, or any provision inconsistent therewith or herewith may be adopted, only by the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class: this Article V, Article VI, Article VII, Article VIII, Article IX and Article X. For the purposes of this Certificate of Incorporation, beneficial ownership of shares shall be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

B. The Board of Directors is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, the bylaws of the Corporation (as in effect from time to time, the "Bylaws") without the assent or vote of the stockholders in any manner not inconsistent with the laws of the State of Delaware or this Certificate of Incorporation. Notwithstanding anything to the contrary contained in this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote of the stockholders, at any time when H&F beneficially owns, in the aggregate, less than 40% in voting power of the stock of the Corporation entitled to vote generally in the election of directors, in addition to any vote of the holders of any class or series of capital stock of the Corporation required herein (including any certificate of designation relating to any series of Preferred Stock), by the Bylaws or by applicable law, the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required in order for the stockholders of the Corporation to amend, alter, rescind, change, add or repeal, in whole or in part, any provision of the Bylaws or to adopt any provision inconsistent therewith.

ARTICLE VI
BOARD OF DIRECTORS

A. Except as otherwise provided in this Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Except as otherwise provided for or fixed pursuant to the provisions of Article IV (including any certificate of designation with respect to any series of Preferred Stock) and this Article VI relating to the rights of the holders of any series of Preferred Stock to elect additional directors, the total number of directors shall be determined from time to time exclusively by resolution adopted by the Board of Directors; *provided* that, at any time H&F owns, in the aggregate, at least 40% in voting power of the stock of the Corporation entitled to vote generally in the election of directors, the stockholders may also fix the number of directors

by resolution adopted by the stockholders. The directors (other than those directors elected by the holders of any series of Preferred Stock, voting separately as a series or together with one or more other such series, as the case may be) shall be divided into three classes designated Class I, Class II and Class III. Each class shall consist, as nearly as possible, of one-third of the total number of such directors. Class I directors shall initially serve for a term expiring at the first annual meeting of stockholders following the date the Common Stock is first publicly traded (the "IPO Date"), Class II directors shall initially serve for a term expiring at the second annual meeting of stockholders following the IPO Date and Class III directors shall initially serve for a term expiring at the third annual meeting of stockholders following the IPO Date. Commencing with the first annual meeting following the IPO Date, the directors of the class to be elected at each annual meeting shall be elected for a three year term. If the number of such directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any such additional director of any class elected to fill a newly created directorship resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case shall a decrease in the number of directors remove or shorten the term of any incumbent director. Any such director shall hold office until the annual meeting at which his or her term expires and until his or her successor shall be elected and qualified, or his or her earlier death, resignation, retirement, disqualification or removal from office. The Board of Directors is authorized to assign members of the Board of Directors already in office to their respective class.

B. Subject to the rights granted to the holders of any one or more series of Preferred Stock then outstanding or the rights granted pursuant to the Amended and Restated Stockholders Agreement, dated as of [•], 2019, by and among the Corporation, certain affiliates of Hellman & Friedman LLC (together with its Affiliates (as defined below), subsidiaries, successors and assigns (other than the Corporation and its subsidiaries), "H&F") and certain other parties named therein (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "Stockholders Agreement"), any newly-created directorship on the Board of Directors that results from an increase in the number of directors and any vacancy occurring in the Board of Directors (whether by death, resignation, retirement, disqualification, removal or other cause) may be filled by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director or by the stockholders; *provided*, *however*, that, subject to the aforementioned rights granted to holders of one or more series of Preferred Stock or rights generated pursuant to the Stockholders Agreement, at any time when H&F beneficially owns, in the aggregate, less than 40% in voting power of the stock of the Corporation entitled to vote generally in the election of directors, any newly-created directorship on the Board of Directors that results from an increase in the number of directors and any vacancy occurring in the Board of Directors shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director (and not by stockholders). Any director elected to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be elected and qualified, or until his or her earlier death, resignation, retirement, disqualification or removal.

C. Any or all of the directors (other than the directors elected by the holders of any series of Preferred Stock of the Corporation, voting separately as a series or together with one or more other such series, as the case may be) may be removed at any time either with or without cause by the affirmative vote of a majority in voting power of all outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class; *provided*, *however*, that

at any time when H&F beneficially owns, in the aggregate, less than 40% in voting power of the stock of the Corporation entitled to vote generally in the election of directors, any such director or all such directors may be removed only for cause and only by the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class.

D. Elections of directors need not be by written ballot unless the Bylaws shall so provide.

E. During any period when the holders of any series of Preferred Stock have the right to elect additional directors, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, resignation, retirement, disqualification or removal. Except as otherwise provided by the Board of Directors in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate (in which case each such director thereupon shall cease to be qualified as, and shall cease to be, a director) and the total authorized number of directors of the Corporation shall automatically be reduced accordingly.

F. As used in this Article VI only, the term "Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another Person, and the term "Person" means any individual, corporation, general or limited partnership, limited liability company, joint venture, trust, association or any other entity.

ARTICLE VII
LIMITATION OF DIRECTOR LIABILITY

A. To the fullest extent permitted by the DGCL as it now exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty owed to the Corporation or its stockholders.

B. Neither the amendment nor repeal of this Article VII, nor the adoption of any provision of this Certificate of Incorporation, nor, to the fullest extent permitted by the DGCL, any modification of law shall eliminate, reduce or otherwise adversely affect any right or protection of a current or former director of the Corporation existing at the time of such amendment, repeal, adoption or modification.

ARTICLE VIII
CONSENT OF STOCKHOLDERS IN LIEU OF MEETING, ANNUAL AND SPECIAL MEETINGS OF STOCKHOLDERS

A. At any time when H&F beneficially owns, in the aggregate, at least 40% in voting power of the stock of the Corporation entitled to vote generally in the election of directors, any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be made by hand, or by certified or registered mail, return receipt requested. At any time when H&F beneficially owns, in the aggregate, less than 40% in voting power of the stock of the Corporation entitled to vote generally in the election of directors, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders; *provided*, *however*, that any action required or permitted to be taken by the holders of Preferred Stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided by the applicable certificate of designation relating to such series of Preferred Stock.

B. Except as otherwise required by law and subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders of the Corporation for any purpose or purposes may be called at any time only by or at the direction of the Board of Directors or the Chairman of the Board of Directors; *provided*, *however*, that at any time when H&F beneficially owns, in the aggregate, at least 40% in voting power of the stock of the Corporation entitled to vote generally in the election of directors, special meetings of the stockholders of the Corporation for any purpose or purposes shall also be called by or at the direction of the Board of Directors or the Chairman of the Board of Directors at the request of H&F.

C. An annual meeting of stockholders for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, if any, on such date, and at such time as shall be fixed exclusively by resolution of the Board of Directors or a duly authorized committee thereof.

ARTICLE IX
COMPETITION AND CORPORATE OPPORTUNITIES

A. In recognition and anticipation that (i) certain directors, principals, officers, employees and/or other representatives of H&F and its Affiliates (as defined below) may serve as directors, officers or agents of the Corporation, (ii) H&F and its Affiliates may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (iii) members of the Board of Directors who are not employees of the Corporation

("Non-Employee Directors") and their respective Affiliates may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, the provisions of this Article IX are set forth to regulate and define the conduct of certain affairs of the Corporation with respect to certain classes or categories of business opportunities as they may involve any of H&F, the Non-Employee Directors or their respective Affiliates and the powers, rights, duties and liabilities of the Corporation and its directors, officers and stockholders in connection therewith.

B. None of (i) H&F or (ii) any Non-Employee Director (including any Non-Employee Director who serves as an officer of the Corporation in both his or her director and officer capacities) or his or her Affiliates (the Persons (as defined below) identified in (i) and (ii) above being referred to, collectively, as "Identified Persons" and, individually, as an "Identified Person") shall, to the fullest extent permitted by law, have any duty to refrain from directly or indirectly (1) engaging in the same or similar business activities or lines of business in which the Corporation or any of its Affiliates now engages or proposes to engage or (2) otherwise competing with the Corporation or any of its Affiliates, and, to the fullest extent permitted by law, no Identified Person shall be liable to the Corporation or its stockholders or to any Affiliate of the Corporation for breach of any fiduciary duty solely by reason of the fact that such Identified Person engages in any such activities. To the fullest extent permitted from time to time by the laws of the State of Delaware, the Corporation hereby renounces any interest or expectancy in, or right to be offered an opportunity to participate in, any business opportunity that may be a corporate opportunity for an Identified Person and the Corporation or any of its Affiliates, except as provided in Section (C) of this Article IX. Subject to said Section (C) of this Article IX, in the event that any Identified Person acquires knowledge of a potential transaction or other business opportunity that may be a corporate opportunity for itself, herself or himself, or any of its or his or her Affiliates, and the Corporation or any of its Affiliates, such Identified Person shall, to the fullest extent permitted by law, have no duty to communicate or offer such transaction or other business opportunity to the Corporation or any of its Affiliates and, to the fullest extent permitted by law, shall not be liable to the Corporation or its stockholders or to any Affiliate of the Corporation for breach of any fiduciary duty as a stockholder, director or officer of the Corporation solely by reason of the fact that such Identified Person pursues or acquires such corporate opportunity for itself, herself or himself, or offers or directs such corporate opportunity to another Person.

C. The Corporation does not renounce its interest in any corporate opportunity offered to any Non-Employee Director (including any Non-Employee Director who serves as an officer of this Corporation) if such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of the Corporation, and the provisions of Section (B) of this Article IX shall not apply to any such corporate opportunity.

D. In addition to and notwithstanding the foregoing provisions of this Article IX, a corporate opportunity shall not be deemed to be a potential corporate opportunity for the Corporation if it is a business opportunity that (i) the Corporation is neither financially or legally able, nor contractually permitted to undertake, (ii) from its nature, is not in the line of the Corporation's business or is of no practical advantage to the Corporation or (iii) is one in which the Corporation has no interest or reasonable expectancy.

E. For purposes of this Article IX, (i) "Affiliate" shall mean (a) in respect of H&F, any Person that, directly or indirectly, is controlled by H&F, controls H&F or is under common control with H&F and shall include any principal, member, director, partner, stockholder, officer, employee or other representative of any of the foregoing (other than the Corporation and any entity that is controlled by the Corporation), (b) in respect of a Non-Employee Director, any Person that, directly or indirectly, is controlled by such Non-Employee Director (other than the Corporation and any entity that is controlled by the Corporation) and (c) in respect of the Corporation, any Person that, directly or indirectly, is controlled by the Corporation; and (ii) "Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, trust, association or any other entity.

F. To the fullest extent permitted by law, any Person purchasing or otherwise acquiring any interest in any shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article IX.

ARTICLE X
DGCL SECTION 203 AND BUSINESS COMBINATIONS

A. The Corporation hereby expressly elects not to be governed by Section 203 of the DGCL.

B. Notwithstanding the foregoing, the Corporation shall not engage in any business combination (as defined below), at any point in time at which the Corporation's Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, with any interested stockholder (as defined below) for a period of three (3) years following the time that such stockholder became an interested stockholder, unless:

1. prior to such time, the Board of Directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, or

2. upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or

3. at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the Corporation that is not owned by the interested stockholder, or

4. the stockholder became an interested stockholder inadvertently and (i) as soon as practicable divested itself of ownership of sufficient shares so that the stockholder ceased to be an interested stockholder and (ii) was not, at any time within the three-year period immediately prior to a business combination between the Corporation and such stockholder, an interested stockholder but for the inadvertent acquisition of ownership.

C. For purposes of this Article X, references to:

1. "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

2. "associate," when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

3. "H&F Direct Transferee" means any person that acquires (other than in a registered public offering) directly from H&F or any of its successors or any "group", or any member of any such group, of which such persons are a party under Rule 13d-5 of the Exchange Act beneficial ownership of 15% or more of the then outstanding voting stock of the Corporation.

4. "H&F Indirect Transferee" means any person that acquires (other than in a registered public offering) directly from any H&F Direct Transferee or any other H&F Indirect Transferee beneficial ownership of 15% or more of the then outstanding voting stock of the Corporation.

5. "business combination," when used in reference to the Corporation and any interested stockholder of the Corporation, means:

   (i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation (a) with the interested stockholder, or (b) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation Section (B) of this Article X is not applicable to the surviving entity;

   (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation;

(iii) any transaction that results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (a) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (b) pursuant to a merger under Section 251(g) of the DGCL; (c) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (d) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of said stock; or (e) any issuance or transfer of stock by the Corporation; *provided, however*, that in no case under items (c)-(e) of this subsection (iii) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation (except as a result of immaterial changes due to fractional share adjustments);

(iv) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation that has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Corporation or of any such subsidiary that is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or

(v) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (i)-(iv) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

6. "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of the Corporation, partnership, unincorporated association or

other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article X, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

7. "interested stockholder" means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of 15% or more of the outstanding voting stock of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of 15% or more of the outstanding voting stock of the Corporation at any time within the three (3) year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder; and the affiliates and associates of such person; but "interested stockholder" shall not include (a) H&F, any H&F Direct Transferee, any H&F Indirect Transferee or any of their respective affiliates or successors or any "group", or any member of any such group, to which such persons are a party under Rule 13d-5 of the Exchange Act, or (b) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Corporation, *provided* that in the case of clause (b) such person shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of "owner" below but shall not include any other unissued stock of the Corporation that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

8. "owner," including the terms "own" and "owned," when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:

   (i) beneficially owns such stock, directly or indirectly; or

   (ii) has (a) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; *provided*, *however*, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered stock is accepted for purchase or exchange; or (b) the right to vote such stock pursuant to any agreement, arrangement or understanding; *provided*, *however*, that

a person shall not be deemed the owner of any stock because of such person's right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten (10) or more persons; or

(iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (b) of subsection (ii) above), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

9. "person" means any individual, corporation, partnership, unincorporated association or other entity.

10. "stock" means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

11. "voting stock" means stock of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity. Every reference in this Article X to a percentage of voting stock shall refer to such percentage of the votes of such voting stock.

ARTICLE XI
MISCELLANEOUS

If any provision or provisions of this Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not, to the fullest extent permitted by law, in any way be affected or impaired thereby and (ii) to the fullest extent permitted by law, the provisions of this Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, Grocery Outlet Holding Corp. has caused this Amended and Restated Certificate of Incorporation to be executed by its duly authorized officer on this [•] [th] day of [•], 2019.

GROCERY OUTLET HOLDING CORP.

By: _____
Name: Eric J. Lindberg, Jr.
Title: Chief Executive Officer and Director

FORM OF

AMENDED AND RESTATED

BYLAWS

OF

GROCERY OUTLET HOLDING CORP.

* * * * *

ARTICLE I

Offices

SECTION 1.01 Registered Office. The registered office and registered agent of Grocery Outlet Holding Corp. (the "Corporation") shall be as set forth in the Certificate of Incorporation (as defined below). The Corporation may also have offices in such other places in the United States or elsewhere (and may change the Corporation's registered agent) as the board of directors of the Corporation (the "Board of Directors") may, from time to time, determine or as the business of the Corporation may require as determined by any officer of the Corporation.

ARTICLE II

Meetings of Stockholders

SECTION 2.01 Annual Meetings. Annual meetings of stockholders may be held at such place, if any, either within or without the State of Delaware, and at such time and date as the Board of Directors shall determine and state in the notice of meeting. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication, including by webcast, as described in Section 2.11 of these Amended and Restated Bylaws (these "Bylaws") in accordance with Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "DGCL"). The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

SECTION 2.02 Special Meetings. Special meetings of the stockholders may only be called in the manner provided in the Corporation's amended and restated certificate of incorporation as then in effect (as the same may be amended from time to time, the "Certificate of Incorporation") and may be held either within or without the State of Delaware. The Board of Directors may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors or the Chairman of the Board of Directors; *provided*, *however*, that with respect to any special meeting of stockholders previously scheduled by the Board of Directors or the Chairman of the Board of Directors at the request of H&F (as defined in the Certificate of Incorporation), the Board of Directors shall not postpone, reschedule or cancel such special meeting without the prior written consent of H&F.

SECTION 2.03 Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) as provided in the Stockholders Agreement (as defined in the Certificate of Incorporation) (with respect to nominations of persons for election to the Board of Directors only), (b) pursuant to the Corporation's notice of meeting (or any supplement thereto) delivered pursuant to Section 2.04 of Article II of these Bylaws, (c) by or at the direction of the Board of Directors or any authorized committee thereof or (d) by any stockholder of the Corporation who is entitled to vote at the meeting, who, subject to paragraph (C)(4) of this Section 2.03, complied with the notice procedures set forth in paragraphs (A)(2) and (A)(3) of this Section 2.03 and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (d) of paragraph (A)(1) of this Section 2.03, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, and, in the case of business other than nominations of persons for election to the Board of Directors, such other business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the first anniversary of the preceding year's annual meeting (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock (as defined in the Certificate of Incorporation) are first publicly traded, be deemed to have occurred on June 5, 2019); *provided*, *however*, that in the event that the date of the annual meeting is advanced by more than thirty (30) days, or delayed by more than seventy (70) days, from the anniversary date of the previous year's meeting, or if no annual meeting was held in the preceding year, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred and twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. Public announcement of an adjournment or postponement of an annual meeting shall not commence a new time period (or extend any time period) for the giving of a stockholder's notice. Notwithstanding anything in this Section 2.03(A)(2) to the contrary, if the number of directors to be elected to the Board of Directors at an annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) calendar days prior to the first anniversary of the prior year's annual meeting of stockholders, then a stockholder's notice required by this Section shall be considered timely, but only with respect to nominees for any new positions created by such increase, if it is received by the Secretary of the Corporation not later than the close of business on the tenth (10th) calendar day following the day on which such public announcement is first made by the Corporation.

(3) A stockholder's notice delivered pursuant to this Section 2.03 shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, including such person's written consent to being named in the Corporation's proxy statement as a nominee of the stockholder and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books and records, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the Corporation that are owned, directly or indirectly, beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of the stock of the Corporation at the time of the giving of the notice, will be entitled to vote at such meeting and will appear in person or by proxy at the meeting to propose such business or nomination, (iv) a representation whether the stockholder or the beneficial owner, if any, will be or is part of a group that will (x) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise solicit proxies or votes from stockholders in support of such proposal or nomination, (v) a certification regarding whether such stockholder and beneficial owner, if any, have complied with all applicable federal, state and other legal requirements in connection with the stockholder's and/or beneficial owner's acquisition of shares of capital stock or other securities of the Corporation and/or the stockholder's and/or beneficial owner's acts or omissions as a stockholder of the Corporation and (vi) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder; (d) a description of any agreement, arrangement or understanding with respect to the nomination or proposal and/or the voting of shares of any class or series of stock of the Corporation between or among the stockholder giving the notice, the beneficial owner, if any, on whose behalf the nomination or proposal is made, any of their respective affiliates or associates and/or any others acting in concert with any of the foregoing (collectively, "proponent persons"); and (e) a description of any agreement, arrangement or understanding (including without limitation any contract to purchase or sell, acquisition or grant of any option, right or warrant to purchase or sell, swap or other instrument) to which any proponent person is a party, the intent or effect of which may be (i) to transfer to or from any proponent person, in whole or in part, any of the economic consequences of ownership of any security of the Corporation, (ii) to increase or decrease the voting power of any proponent person with respect to shares of any class or series of stock of the Corporation and/or (iii) to provide any proponent person, directly or indirectly, with the opportunity to profit or share in any profit derived from, or to otherwise benefit economically from, any increase or decrease in the value of any security of the Corporation. A stockholder providing notice of a proposed nomination for election to the Board of Directors or other business proposed

to be brought before a meeting (whether given pursuant to this paragraph (A)(3) or to paragraph (B) of this Section 2.03 of these Bylaws) shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true and correct (x) as of the record date for determining the stockholders entitled to notice of the meeting and (y) as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement thereof, *provided* that if the record date for determining the stockholders entitled to vote at the meeting is less than fifteen (15) days prior to the meeting or any adjournment or postponement thereof, the information shall be supplemented and updated as of such later date. Any such update and supplement shall be delivered in writing to the Secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) days after the record date for determining the stockholders entitled to notice of the meeting (in the case of any update and supplement required to be made as of the record date for determining the stockholders entitled to notice of the meeting), not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update or supplement required to be made as of fifteen (15) days prior to the meeting or adjournment or postponement thereof) and not later than five (5) days after the record date for determining the stockholders entitled to vote at the meeting, but no later than the day prior to the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of a date less than fifteen (15) days prior to the date of the meeting or any adjournment or postponement thereof). The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation and to determine the independence of such director under the Exchange Act and rules and regulations thereunder and applicable stock exchange rules.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. At any time that the stockholders are not prohibited from filling vacancies or newly created directorships on the Board of Directors, nominations of persons for election to the Board of Directors to fill any vacancy or newly created directorship may be made at a special meeting of stockholders at which any proposal to fill any vacancy or unfilled newly created directorship is to be presented to the stockholders (1) as provided in the Stockholders Agreement, (2) by or at the direction of the Board of Directors or any committee thereof or (3) by any stockholder of the Corporation who is entitled to vote at the meeting on such matters, who (subject to paragraph (C)(4) of this Section 2.03) complies with the notice procedures set forth in this Section 2.03 and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to fill any vacancy or newly created directorship on the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting if the stockholder's notice as required by paragraph (A)(2) of this Section 2.03 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which the Corporation first makes a public announcement of the date of the special meeting at which directors are to be elected. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(C) General. (1) Except as provided in paragraph (C)(4) of this Section 2.03, only such persons who are nominated in accordance with the procedures set forth in this Section 2.03 or the Stockholders Agreement shall be eligible to serve as directors and only such business shall be conducted at an annual or special meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the chairman of the meeting shall, in addition to making any other determination that may be appropriate for the conduct of the meeting, have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall be disregarded. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of the meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants and on shareholder approvals. Notwithstanding the foregoing provisions of this Section 2.03, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.03, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, the meeting of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(2) Whenever used in these Bylaws, "public announcement" shall mean disclosure (a) in a press release released by the Corporation, *provided* that such press release is released by the Corporation following its customary procedures, is reported by the Dow Jones News Service, Associated Press or comparable national news service, or is generally available on internet news sites, or (b) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the foregoing provisions of this Section 2.03, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.03; *provided*, *however*, that, to the fullest extent permitted by law, any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to these Bylaws (including paragraphs (A)(1)(d) and (B) of this Section 2.03), and compliance with paragraphs (A)(1)(d) and (B) of this Section 2.03 of these Bylaws shall be the exclusive means for a stockholder to make nominations or submit other business. Nothing in these Bylaws shall be deemed to affect any rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances.

(4) Notwithstanding anything to the contrary contained in this Section 2.03, for as long as the Stockholders Agreement remains in effect with respect to H&F, H&F (to the extent then subject to the Stockholders Agreement) shall not be subject to the notice procedures set forth in paragraphs (A)(2), (A)(3) or (B) of this Section 2.03 with respect to any annual or special meeting of stockholders.

SECTION 2.04 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a timely notice in writing or by electronic transmission, in the manner provided in Section 232 of the DGCL, of the meeting, which shall state the place, if any, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purposes for which the meeting is called, shall be mailed to or transmitted electronically by the Secretary of the Corporation to each stockholder of record entitled to vote thereat as of the record date for determining the stockholders entitled to notice of the meeting. Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

SECTION 2.05 Quorum. Unless otherwise required by law, the Certificate of Incorporation or the rules of any stock exchange upon which the Corporation's securities are listed, the holders of record of a majority of the voting power of the issued and outstanding shares of capital stock of the Corporation entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of stockholders. Notwithstanding the foregoing, where a separate vote by a class or series or classes or series is required, a majority in voting power of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to the vote on that matter. Once a quorum is present to organize a meeting, it shall not be broken by the subsequent withdrawal of any stockholders.

SECTION 2.06 Voting. Except as otherwise provided by or pursuant to the provisions of the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy in any manner provided by applicable law, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date. Unless required by the Certificate of Incorporation or applicable law, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by such stockholder's proxy, if there be such proxy. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the voting power of the shares of stock present in person or represented by proxy and entitled to vote on the subject matter shall decide any question brought before such meeting, unless the question is one upon which, by express provision of applicable law, of the rules or regulations of any stock exchange applicable to the Corporation, of any regulation applicable to the Corporation or its securities, of the Certificate of Incorporation or of these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Notwithstanding the foregoing sentence and subject to the Certificate of Incorporation, all elections of directors shall be determined by a plurality of the votes cast in respect of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

SECTION 2.07 Chairman of Meetings. The Chairman of the Board of Directors, if one is elected, or, in his or her absence or disability or refusal to act, the Chief Executive Officer of the Corporation, or in the absence, disability or refusal to act of the Chairman of the Board of Directors and the Chief Executive Officer, a person designated by the Board of Directors shall be the chairman of the meeting and, as such, preside at all meetings of the stockholders.

SECTION 2.08 Secretary of Meetings. The Secretary of the Corporation shall act as Secretary at all meetings of the stockholders. In the absence, disability or refusal to act of the Secretary, the chairman of the meeting shall appoint a person to act as Secretary at such meetings.

SECTION 2.09 Consent of Stockholders in Lieu of Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote only to the extent permitted by and in the manner provided in the Certificate of Incorporation and in accordance with applicable law.

SECTION 2.10 Adjournment. At any meeting of stockholders of the Corporation, if less than a quorum be present, the chairman of the meeting or stockholders holding a majority in voting power of the shares of stock of the Corporation, present in person or by proxy and entitled to vote thereon, shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present. Any business may be transacted at the adjourned meeting that might have been transacted at the meeting originally noticed. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date so fixed for notice of such adjourned meeting.

SECTION 2.11 Remote Communication. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication,

provided that

(i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder;

(ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and

(iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

SECTION 2.12 Inspectors of Election. The Corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of

inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

ARTICLE III

Board of Directors

SECTION 3.01 Powers. Except as otherwise provided by the Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. The Board of Directors may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not, by the DGCL or the Certificate of Incorporation, directed or required to be exercised or done by the stockholders.

SECTION 3.02 Number and Term; Chairman. Subject to the Certificate of Incorporation, the number of directors shall be fixed in the manner provided in the Certificate of Incorporation. The term of each director shall be as set forth in the Certificate of Incorporation. Directors need not be stockholders. The Board of Directors shall elect a Chairman of the Board, who shall have the powers and perform such duties as provided in these Bylaws and as the Board of Directors may from time to time prescribe. The Chairman of the Board shall preside at all meetings of the Board of Directors at which he or she is present. If the Chairman of the Board is not present at a meeting of the Board of Directors, the Chief Executive Officer (if the Chief Executive Officer is a director and is not also the Chairman of the Board) shall preside at such meeting, and, if the Chief Executive Officer is not present at such meeting or is not a director, a majority of the directors present at such meeting shall elect one (1) of their members to preside over such meeting.

SECTION 3.03 Resignations. Any director may resign at any time upon notice given in writing or by electronic transmission to the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President or the Secretary of the Corporation. The resignation shall take effect at the time or the happening of any event specified therein, and if no time or event is specified, at the time of its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise expressly provided in the resignation.

SECTION 3.04 Removal. Directors of the Corporation may be removed in the manner provided in the Certificate of Incorporation and applicable law.

SECTION 3.05 Vacancies and Newly Created Directorships. Except as otherwise provided by law and subject to the Stockholders Agreement, vacancies occurring in any directorship (whether by death, resignation, retirement, disqualification, removal or other cause) and newly created directorships resulting from any increase in the number of directors shall be filled in accordance with the Certificate of Incorporation. Any director elected to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be elected and qualified, or until his or her earlier death, resignation, retirement, disqualification or removal.

SECTION 3.06 Meetings. Regular meetings of the Board of Directors may be held at such places and times as shall be determined from time to time by the Board of Directors. Special meetings of the Board of Directors may be called by the Chief Executive Officer of the Corporation, the President of the Corporation or the Chairman of the Board of Directors, and shall be called by the Chief Executive Officer, the President or the Secretary of the Corporation if directed by the Board of Directors and shall be at such places and times as they or he or she shall fix. Notice need not be given of regular meetings of the Board of Directors. At least twenty four (24) hours before each special meeting of the Board of Directors, either written notice, notice by electronic transmission or oral notice (either in person or by telephone) of the time, date and place of the meeting shall be given to each director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

SECTION 3.07 Quorum, Voting and Adjournment. Except as otherwise provided by law, the Certificate of Incorporation, or these Bylaws, a majority of the total number of directors shall constitute a quorum for the transaction of business. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present thereat may adjourn such meeting to another time and place. Notice of such adjourned meeting need not be given if the time and place of such adjourned meeting are announced at the meeting so adjourned.

SECTION 3.08 Committees; Committee Rules. The Board of Directors may designate one or more committees, including but not limited to an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each such committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee to replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any Bylaw of the Corporation. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members

of the committee shall be necessary to constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present at a meeting of the committee at which a quorum is present. Unless otherwise provided in such a resolution, in the event that a member and that member's alternate, if alternates are designated by the Board of Directors, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

SECTION 3.09 Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or any committee thereof, as the case may be, consent thereto in writing or by electronic transmission. The writing or writings or electronic transmission or transmissions shall be filed in the minutes of proceedings of the Board of Directors in accordance with applicable law.

SECTION 3.10 Remote Meeting. Unless otherwise restricted by the Certificate of Incorporation, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting by means of conference telephone or other communications equipment in which all persons participating in the meeting can hear each other. Participation in a meeting by means of conference telephone or other communications equipment shall constitute presence in person at such meeting.

SECTION 3.11 Compensation. The Board of Directors shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

SECTION 3.12 Reliance on Books and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE IV

Officers

SECTION 4.01 Number. The officers of the Corporation shall include a Chief Executive Officer, a President and a Secretary, each of whom shall be elected by the Board of Directors and who shall hold office for such terms as shall be determined by the Board of Directors and until their successors are elected and qualify or until their earlier resignation or removal. In addition, the Board of Directors may elect one or more Vice Chairmen and Vice

Presidents, including one or more Executive Vice Presidents or Senior Vice Presidents, a Treasurer and one or more Assistant Treasurers and one or more Assistant Secretaries, who shall hold their respective offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. Any number of offices may be held by the same person.

SECTION 4.02 Other Officers and Agents. The Board of Directors may appoint such other officers and agents as it deems advisable, who shall hold their office for such terms and shall exercise and perform such powers and duties as shall be determined from time to time by the Board of Directors.

SECTION 4.03 Chief Executive Officer. The Chief Executive Officer shall have general executive charge, management, and control of the business and affairs of the Corporation in the ordinary course of its business, with all such powers as may be reasonably incident to such responsibilities or that are delegated to him or her by the Board of Directors. If the Board of Directors has not elected a Chairman of the Board or in the absence, inability or refusal to act of such elected person to act as the Chairman of the Board, the Chief Executive Officer shall exercise all of the powers and discharge all of the duties of the Chairman of the Board, but only if the Chief Executive Officer is a director of the Corporation. He or she shall have power to sign all contracts and other instruments of the Corporation and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation.

SECTION 4.04 Vice Chairman. The Vice Chairman of the Corporation shall perform all duties as customarily pertain to that office, with all such powers with respect to such management and control as may be reasonably incident to such responsibilities or that are delegated to him or her by the Board of Directors. The Vice Chairman of the Corporation shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision of all of the other officers, employees and agents of the Corporation.

SECTION 4.05 President. The President shall have general responsibility for the management and control of the operations of the Corporation and shall perform all duties, with all such powers with respect to such management and control as may be reasonably incident to such responsibilities or that are delegated to him or her by the Board of Directors. The President shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision of all of the other officers (other than the Chief Executive Officer), employees and agents of the Corporation.

SECTION 4.06 Vice Presidents. Each Vice President, if any are elected, of whom one or more may be designated an Executive Vice President or Senior Vice President, shall have such powers and shall perform such duties as shall be assigned to him by the Chief Executive Officer, the President or the Board of Directors.

SECTION 4.07 Treasurer. The Treasurer, if any is elected, shall have custody of the corporate funds, securities, evidences of indebtedness and other valuables of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit all moneys and other valuables in the

name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors or its designees selected for such purposes. The Treasurer shall disburse the funds of the Corporation, taking proper vouchers therefor. The Treasurer shall render to the Chief Executive Officer, the President and the Board of Directors, upon their request, a report of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond for the faithful discharge of his or her duties in such amount and with such surety as the Board of Directors shall prescribe.

In addition, the Treasurer shall have such further powers and perform such other duties incident to the office of Treasurer as from time to time are assigned to him or her by the Chief Executive Officer, the President or the Board of Directors.

SECTION 4.08 Secretary. The Secretary shall: (a) cause minutes of all meetings of the stockholders and directors to be recorded and kept properly; (b) cause all notices required by these Bylaws or otherwise to be given properly; (c) see that the minute books, stock books, and other nonfinancial books, records and papers of the Corporation are kept properly; and (d) cause all reports, statements, returns, certificates and other documents to be prepared and filed when and as required. The Secretary shall have such further powers and perform such other duties as prescribed from time to time by the Chief Executive Officer, the President or the Board of Directors.

SECTION 4.09 Assistant Treasurers and Assistant Secretaries. Each Assistant Treasurer and each Assistant Secretary, if any are elected, shall be vested with all the powers and shall perform all the duties of the Treasurer and Secretary, respectively, in the absence or disability of such officer, unless or until the Chief Executive Officer, the President or the Board of Directors shall otherwise determine. In addition, Assistant Treasurers and Assistant Secretaries shall have such powers and shall perform such duties as shall be assigned to them by the Chief Executive Officer, the President or the Board of Directors.

SECTION 4.10 Corporate Funds and Checks. The funds of the Corporation shall be kept in such depositories as shall from time to time be prescribed by the Board of Directors or its designees selected for such purposes. All checks or other orders for the payment of money shall be signed by the Chief Executive Officer, the President, a Vice President, the Treasurer or the Secretary or such other person or agent as may from time to time be authorized and with such countersignature, if any, as may be required by the Board of Directors.

SECTION 4.11 Contracts and Other Documents. The Chief Executive Officer, the President and the Secretary, or such other officer or officers as may from time to time be authorized by the Board of Directors or any other committee given specific authority in the premises by the Board of Directors during the intervals between the meetings of the Board of Directors, shall have power to sign and execute on behalf of the Corporation deeds, conveyances and contracts, and any and all other documents requiring execution by the Corporation.

SECTION 4.12 Ownership of Stock of Another Corporation. Unless otherwise directed by the Board of Directors, the Chief Executive Officer, the President, a Vice President, the Treasurer or the Secretary, or such other officer or agent as shall be authorized by the Board of Directors, shall have the power and authority, on behalf of the Corporation, to attend

and to vote at any meeting of securityholders of any entity in which the Corporation holds securities or equity interests and may exercise, on behalf of the Corporation, any and all of the rights and powers incident to the ownership of such securities or equity interests at any such meeting, including the authority to execute and deliver proxies and consents on behalf of the Corporation.

SECTION 4.13 Delegation of Duties. In the absence, disability or refusal of any officer to exercise and perform his or her duties, the Board of Directors may delegate to another officer such powers or duties.

SECTION 4.14 Resignation and Removal. Any officer of the Corporation may be removed from office for or without cause at any time by the Board of Directors. Any officer may resign at any time in the same manner prescribed under Section 3.03 of these Bylaws.

SECTION 4.15 Vacancies. The Board of Directors shall have the power to fill vacancies occurring in any office.

ARTICLE V

Stock

SECTION 5.01 Shares With Certificates.

The shares of stock of the Corporation shall be uncertificated and shall not be represented by certificates, except to the extent as may be required by applicable law or as otherwise authorized by the Board of Directors. Notwithstanding the foregoing, shares of stock represented by a certificate and issued and outstanding on [•], 2019 shall remain represented by a certificate until such certificate is surrendered to the Corporation.

If shares of stock of the Corporation shall be certificated, such certificates shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the Corporation represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation by, any two authorized officers of the Corporation (it being understood that each of the Chief Executive Officer, the Vice Chairman, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary, and any Assistant Secretary of the Corporation shall be an authorized officer for such purpose), certifying the number and class of shares of stock of the Corporation owned by such holder. Any or all of the signatures on the certificate may be a facsimile. The Board of Directors shall have the power to appoint one or more transfer agents and/or registrars for the transfer or registration of certificates of stock of any class, and may require stock certificates to be countersigned or registered by one or more of such transfer agents and/or registrars. The name of the holder of record of the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation. With respect to all uncertificated shares, the name of the holder of record of such uncertificated shares represented, with the number of such shares and the date of issue, shall be entered on the books of the Corporation.

SECTION 5.02 Shares Without Certificates. If the Board of Directors chooses to issue shares of stock without certificates, the Corporation, if required by the DGCL, shall, within a reasonable time after the issue or transfer of shares without certificates, send the stockholder a statement of the information required by the DGCL. The Corporation may adopt a system of issuance, recordation and transfer of its shares of stock by electronic or other means not involving the issuance of certificates, provided that the use of such system by the Corporation is permitted in accordance with applicable law.

SECTION 5.03 Transfer of Shares. Shares of stock of the Corporation shall be transferable upon its books by the holders thereof, in person or by their duly authorized attorneys or legal representatives, upon surrender to the Corporation by delivery thereof (to the extent evidenced by a physical stock certificate) to the person in charge of the stock and transfer books and ledgers. Certificates representing such shares, if any, shall be cancelled and new certificates, if the shares are to be certificated, shall thereupon be issued. Shares of capital stock of the Corporation that are not represented by a certificate shall be transferred in accordance with any procedures adopted by the Corporation or its agent and applicable law. A record shall be made of each transfer. Whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented, both the transferor and transferee request the Corporation to do so. The Corporation shall have power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of certificates for shares of stock of the Corporation.

SECTION 5.04 Lost, Stolen, Destroyed or Mutilated Certificates. A new certificate of stock or uncertificated shares may be issued in the place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed, and the Corporation may, in its discretion, require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to give the Corporation a bond, in such sum as the Corporation may direct, in order to indemnify the Corporation against any claims that may be made against it in connection therewith. A new certificate or uncertificated shares of stock may be issued in the place of any certificate previously issued by the Corporation that has become mutilated upon the surrender by such owner of such mutilated certificate and, if required by the Corporation, the posting of a bond by such owner in an amount sufficient to indemnify the Corporation against any claim that may be made against it in connection therewith.

SECTION 5.05 List of Stockholders Entitled To Vote. The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (*provided*, *however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10^{th}) day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting at least ten (10) days prior to the meeting (a) on a reasonably accessible electronic network; *provided* that the information required to gain access to such list is provided with the notice of meeting or (b) during ordinary business hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined

by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 5.05 or to vote in person or by proxy at any meeting of stockholders.

SECTION 5.06 Fixing Date for Determination of Stockholders of Record.

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

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

(C) Unless otherwise restricted by the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to express consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date for determining stockholders entitled to express consent to corporate action in writing without a meeting is fixed by the Board of Directors, (i) when no prior action of the Board of Directors is required by law, the record date for such purpose shall be the first date on which a signed written

consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board of Directors is required by law, the record date for such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

SECTION 5.07 Registered Stockholders. Prior to the surrender to the Corporation of the certificate or certificates for a share or shares of stock or notification to the Corporation of the transfer of uncertificated shares with a request to record the transfer of such share or shares, the Corporation may treat the registered owner of such share or shares as the person entitled to receive dividends, to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner of such share or shares. To the fullest extent permitted by law, the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

ARTICLE VI

Notice and Waiver of Notice

SECTION 6.01 Notice. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Other forms of notice shall be deemed given as provided in the DGCL. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the DGCL.

SECTION 6.02 Waiver of Notice. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting (in person or by remote communication) shall constitute waiver of notice except attendance for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VII

Indemnification

SECTION 7.01 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, agent or trustee or in any other capacity while serving as

a director, officer, employee, agent or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred or suffered by such indemnitee in connection therewith; *provided*, *however*, that, except as provided in Section 7.03 with respect to proceedings to enforce rights to indemnification or advancement of expenses or with respect to any compulsory counterclaim brought by such indemnitee, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors. Any reference to an officer of the Corporation in this Article VII shall be deemed to refer exclusively to the Chief Executive Officer, Vice Chairman, President, Chief Financial Officer, General Counsel and Secretary of the Corporation appointed pursuant to Article IV of these Bylaws, and to any Vice President, Assistant Secretary, Assistant Treasurer, other officer of the Corporation appointed by the Board of Directors pursuant to Article IV of these Bylaws or other person designated by the title of "Vice President" of the Corporation, and any reference to an officer of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors or equivalent governing body of such other entity pursuant to the certificate of incorporation and bylaws or equivalent organizational documents of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

SECTION 7.02 Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section 7.01, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred by the indemnitee in appearing at, participating in or defending any such proceeding in advance of its final disposition or in connection with a proceeding brought to establish or enforce a right to indemnification or advancement of expenses under this Article VII (which shall be governed by Section 7.03) (hereinafter an "advancement of expenses"); *provided*, *however*, that, if the DGCL requires or in the case of an advance made in a proceeding brought to establish or enforce a right to indemnification or advancement, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made solely upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified or entitled to advancement of expenses under Sections 7.01 and 7.02 or otherwise.

SECTION 7.03 Right of Indemnitee to Bring Suit. If a claim under Section 7.01 or 7.02 is not paid in full by the Corporation within (i) 60 days after a written claim for indemnification has been received by the Corporation or (ii) 20 days after a claim for an advancement of expenses has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim or to obtain advancement of expenses, as applicable. To the fullest extent permitted by law, if successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement

of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VII or otherwise shall be on the Corporation.

SECTION 7.04 Indemnification Not Exclusive.

(A) The provision of indemnification to or the advancement of expenses and costs to any indemnitee under this Article VII, or the entitlement of any indemnitee to indemnification or advancement of expenses and costs under this Article VII, shall not limit or restrict in any way the power of the Corporation to indemnify or advance expenses and costs to such indemnitee in any other way permitted by law or be deemed exclusive of, or invalidate, any right to which any indemnitee seeking indemnification or advancement of expenses and costs may be entitled under any law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such indemnitee’s capacity as an officer, director, employee or agent of the Corporation and as to action in any other capacity.

(B) Given that certain jointly indemnifiable claims (as defined below) may arise due to the service of the indemnitee as a director or officer of the Corporation at the request of the indemnitee-related entities (as defined below), the Corporation shall be fully and primarily responsible for the payment to the indemnitee in respect of indemnification or advancement of expenses in connection with any such jointly indemnifiable claims, pursuant to and in accordance with the terms of this Article VII, irrespective of any right of recovery the indemnitee may have from the indemnitee-related entities. Under no circumstance shall the Corporation be entitled to any right of subrogation or contribution by the indemnitee-related entities and no right of advancement or recovery the indemnitee may have from the indemnitee-related entities shall reduce or otherwise alter the rights of the indemnitee or the obligations of the Corporation hereunder. In the event that any of the indemnitee-related entities shall make any payment to the indemnitee in respect of indemnification or advancement of expenses with respect to any jointly indemnifiable claim, the indemnitee-related entity making such payment shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee against the Corporation,

and the indemnitee shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such rights, including the execution of such documents as may be necessary to enable the indemnitee-related entities effectively to bring suit to enforce such rights. Each of the indemnitee-related entities shall be third-party beneficiaries with respect to this Section 7.04(B) of Article VII, entitled to enforce this Section 7.04(B) of Article VII.

For purposes of this Section 7.04(B) of Article VII, the following terms shall have the following meanings:

(1) The term "indemnitee-related entities" means any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Corporation or any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise for which the indemnitee has agreed, on behalf of the Corporation or at the Corporation's request, to serve as a director, officer, employee or agent and which service is covered by the indemnity described herein) from whom an indemnitee may be entitled to indemnification or advancement of expenses with respect to which, in whole or in part, the Corporation may also have an indemnification or advancement obligation.

(2) The term "jointly indemnifiable claims" shall be broadly construed and shall include, without limitation, any action, suit or proceeding for which the indemnitee shall be entitled to indemnification or advancement of expenses from both the indemnitee-related entities and the Corporation pursuant to Delaware law, any agreement or certificate of incorporation, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or comparable organizational documents of the Corporation or the indemnitee-related entities, as applicable.

SECTION 7.05 Nature of Rights. The rights conferred upon indemnitees in this Article VII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate, or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

SECTION 7.06 Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

SECTION 7.07 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article VII with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE VIII

Miscellaneous

SECTION 8.01 Electronic Transmission. For purposes of these Bylaws, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

SECTION 8.02 Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

SECTION 8.03 Fiscal Year. The fiscal year of the Corporation shall be fixed, and shall be subject to change, by the Board of Directors. Unless otherwise fixed by the Board of Directors, the fiscal year of the Corporation shall be the calendar year.

SECTION 8.04 Section Headings. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

SECTION 8.05 Inconsistent Provisions. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the Certificate of Incorporation, the DGCL or any other applicable law, such provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

SECTION 8.06 Forum Selection. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of the Corporation, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee or stockholder of the Corporation to the Corporation or the Corporation’s stockholders, (iii) action asserting a claim against the Corporation or any director, officer or other employee of the Corporation arising pursuant to any provision of the DGCL, the Certificate of Incorporation or these Bylaws (as either may be amended and/or restated from time to time) or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) action asserting a claim against the Corporation or any director, officer or employee of the Corporation governed by the internal affairs doctrine. This Section 8.06 shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

Unless the Corporation consents in writing to the selections of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 8.06.

ARTICLE IX

Amendments

SECTION 9.01 Amendments. The Board of Directors is authorized to make, repeal, alter, amend and rescind, in whole or in part, these Bylaws without the assent or vote of the stockholders in any manner not inconsistent with the laws of the State of Delaware or the Certificate of Incorporation. Notwithstanding any other provisions of these Bylaws or any provision of law which might otherwise permit a lesser vote of the stockholders, at any time when H&F beneficially owns, in the aggregate, less than 40% in voting power of the stock of the Corporation entitled to vote generally in the election of directors, in addition to any vote of the holders of any class or series of capital stock of the Corporation required by the Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock (as defined in the Certificate of Incorporation)), these Bylaws or applicable law, the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required in order for the stockholders of the Corporation to alter, amend, repeal or rescind, in whole or in part, any provision of these Bylaws (including, without limitation, this Section 9.01) or to adopt any provision inconsistent herewith.

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NUMBER

COMMON STOCK

FORM OF STOCK CERTIFICATE

GROCERY OUTLET HOLDING CORP.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SHARES

COMMON STOCK

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP 39874R 101

This certifies that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK PAR VALUE $0.001 EACH OF

GROCERY OUTLET HOLDING CORP.

transferable only on the books of the Corporation by the holder hereof in person, or by duly authorized Attorney, upon the surrender of this certificate properly endorsed. This Certificate is not valid until countersigned registered by the Transfer Agent and Registrar.

WITNESS the facsimile signatures of the duly authorized officers of the Corporation.

Dated:

CHIEF EXECUTIVE OFFICER

TREASURER

COUNTERSIGNED AND REGISTERED:

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
TRANSFER AGENT AND REGISTRAR

BY

Authorized Signature

[Reverse Side of Stock Certificate]

The Corporation will furnish to any stockholder, upon request and without charge, a full statement of the designations, relative rights, preferences and limitations of the shares of each class and series authorized to be issued, so far as the same have been determined, and of the authority, if any, of the Board to divide the shares into classes or series and to determine and change the relative rights, preferences and limitations of any class or series. Such request may be made to the Secretary of the Corporation or to the Transfer Agent named on this certificate.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT - _____ Custodian _____ (Cust) (Minor)	
TEN ENT	- as tenant by the entireties		
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)	

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

_____
(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)
_____
_____
_____

_____ Shares of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____
Attorney, to transfer the said stock registered on the books of the within-named Corporation with full power of substitution in the premises.

Dated _____ _____

SIGNATURE(S) GUARANTEED:

_____
Notice: The signature(s) to this assignment must correspond with the name(s) as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

_____

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO RULE 17Ad-15 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

Exhibit 4.2

GROCERY OUTLET HOLDING CORP.

AMENDED AND RESTATED

STOCKHOLDERS AGREEMENT

Dated as of [•], 2019

TABLE OF CONTENTS

EXHIBITS AND ANNEXES

AMENDED AND RESTATED
STOCKHOLDERS AGREEMENT

This Amended and Restated Stockholders Agreement (this "Agreement") of Grocery Outlet Holding Corp. (together with its successors and permitted assigns, the "Company"), a Delaware corporation f/k/a/ Globe Holding Corp., is entered into as of [•], 2019, by and among (i) the Company, (ii) Globe Intermediate (as defined below), (iii) GOBP Holdings (as defined below), (iv) GOBP Midco (as defined below), (v) Opco (as defined below), (vi) the H&F Stockholders (as defined below), (vii) the Executive Stockholders (defined below), (viii) the Read Trust Rollover Stockholders (as defined below) and (ix) such other Persons, if any, that from time to time become parties hereto pursuant to Section 5.13. The Management Stockholders (as defined below) and Independent Director Stockholders (as defined below) are not executing this Agreement, but are parties to the Original Agreement (as defined below) and therefore bound by the provisions of this Agreement.

WHEREAS, the parties hereto are party to that certain Stockholders Agreement, dated as of October 7, 2014, as amended by Amendment No. 1 to the Stockholders Agreement, dated as of November 25, 2014 (such agreement, as so amended, the "Original Agreement");

WHEREAS, the Company intends to enter into the Underwriting Agreement (as defined below) in connection with the initial Public Offering (as defined below) of shares of the Company's Common Stock (as defined below);

WHEREAS, in connection with such initial Public Offering, the Company's Voting Common Stock (as defined in the Original Agreement) and Non-Voting Common Stock (as defined in the Original Agreement) have been converted into a single class of Common Stock with identical voting rights on a one-to-one basis;

WHEREAS, as of the date hereof, the Company no longer has Co-Chief Executive Officers (as defined in the Original Agreement); and

WHEREAS, in connection with such events, the parties hereto desire to provide for certain governance and registration rights and other matters upon the effectiveness of this Agreement and, pursuant to Section 5.3 of the Original Agreement to amend and restate the Original Agreement in its entirety pursuant to this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree, subject to Section 5.26, as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Matters of Construction. In addition to the definitions referred to or set forth below in this ARTICLE I:

(a) The words "hereof," "herein," "hereunder" and words of similar import shall, unless the context requires otherwise, refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof;

(b) References to Sections and Articles refer to Sections and Articles of this Agreement;

(c) Definitions shall be equally applicable to both nouns and verbs and the singular and plural forms of the terms defined; and

(d) The masculine, feminine and neuter genders shall each include the others.

1.2 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended, or any successor act, and the rules and regulations promulgated thereunder.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended, or any successor act, and the rules and regulations promulgated thereunder.

"Action" shall have the meaning as set forth in Section 4.1(a).

"Adverse Disclosure" shall mean public disclosure of material non-public information that, in the Board's good faith judgment, after consultation with outside counsel to the Company, (i) would be required to be made in any report or Registration Statement filed with the SEC by the Company so that such report or Registration Statement would not be materially misleading; (ii) would not be required to be made at such time but for the filing, effectiveness or continued use of such report or Registration Statement; and (iii) the Company has a *bona fide* business purpose for not disclosing publicly.

"Affiliate" shall mean, with respect to any specified Person, any other Person which, directly or indirectly, through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise); *provided*, *however*, that for purposes of this Agreement (i) the Company and its Subsidiaries shall not be an Affiliate of any Stockholder and (ii) none of the H&F Stockholders shall be considered Affiliates of any portfolio company in which (x) the H&F Stockholders, (y) any of their investment fund Affiliates or (z) any investment funds, vehicles and accounts advised, managed or sponsored by the H&F Stockholders or their Affiliates have made a debt or equity investment (and vice versa).

"Agreement" shall have the meaning set forth in the first paragraph of this Agreement.

"Applicable Employee" shall mean (i) with respect to any Employee Stockholder who is a director, employee, consultant or other service provider of the Company or any of its Subsidiaries, such director, employee, consultant or other service provider and (ii) with respect to any Employee Stockholder that is not a director, employee, consultant or other service provider of the Company or any of its Subsidiaries, the director, employee, consultant or other service provider of the Company or any of its Subsidiaries with respect to whom such Employee Stockholder is a Permitted Transferee.

"Automatic Shelf Registration Statement" shall have the meaning set forth in Rule 405 (or any successor provision) of the 1933 Act.

"Board" or "Board of Directors" shall mean the Board of Directors of the Company as the same shall be constituted from time to time.

"Business" shall mean the business of the Company and its Subsidiaries as currently conducted, as conducted within the five (5) years prior to the date hereof, or which the Board has authorized the Company to develop or pursue (by acquisition or otherwise), which currently consists of the retail sale of food, beverages and general grocery merchandise.

"Common Stock" shall mean the Company's common stock, par value $0.001 per share, and shall also include any common stock of the Company hereafter authorized and any capital stock of the Company of any other class hereafter authorized which does not have a preference as to dividends or distribution of assets in liquidation over any other class of capital stock of the Company.

"Common Stock Equivalents" shall mean all shares of Common Stock (i) owned by, or (ii) issuable upon exercise of Options (solely to the extent such Options, on or prior to the time the determination of Common Stock Equivalents is made, are vested and, if such Options may be exercised on a "net exercise" basis in accordance with their terms, as determined after giving effect to the net exercise thereof as of such time of determination) held by, each Stockholder.

"Company" shall have the meaning set forth in the first paragraph of this Agreement.

"Controlled Entity" shall mean any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise controlled by the Company.

"Demand Delay" shall have the meaning as set forth in Section 3.2(a)(ii).

"Demand Period" shall have the meaning as set forth in Section 3.2(c).

"Demand Registration" shall have the meaning as set forth in Section 3.2(a).

"Employee Stockholders" shall mean the Executive Stockholders and the Management Stockholders.

"Executive / Read Trust Initiating Holders" shall mean one or more Executive / Read Trust Stockholders that, collectively, hold at least twenty five (25%) of the aggregate Registrable Securities held by such Executive / Read Trust Stockholders and any assignee to whom they have transferred their rights as an Executive / Read Trust Initiating Holder pursuant to Section 3.8.

"Executive / Read Trust Director Nominee" shall have the meaning as set forth in Section 2.2(a)(i)(A).

"Executive / Read Trust Stockholders" shall mean the Executive Stockholders and the Read Trust Rollover Stockholders.

"Executive Stockholders" shall mean, in each case only for so long as such Person or Permitted Transferee is a holder of Shares, (i) those Persons which are listed as the Executive Stockholders on Exhibit A hereto and (ii) their Permitted Transferees pursuant to the definition of Permitted Transfer (other than the Company), as evidenced by an executed Joinder Agreement, indicating that such Permitted Transferee will be an Executive Stockholder.

"Executive Stockholder Consent" shall mean the consent of the Executive Stockholders holding a majority of the shares of Common Stock held by the Executive Stockholders.

"FINRA" means the Financial Industry Regulatory Authority.

"GOBP Holdings" shall mean GOBP Holdings, Inc., a Delaware corporation, together with its successors and permitted assigns.

"GOBP Midco" shall mean GOBP Midco, Inc., a Delaware corporation, together with its successors and permitted assigns.

"Globe Intermediate" shall mean Globe Intermediate Corp., a Delaware corporation, together with its successors and permitted assigns.

"H&F Consent" shall mean the consent of the H&F Stockholders holding a majority of the shares of Common Stock held by the H&F Stockholders.

"H&F Director Nominee" shall have the meaning as set forth in Section 2.2(a)(i)(C).

"H&F Initiating Holders" shall mean H&F Globe Investor LP or any assignee to whom they have transferred their rights as an H&F Initiating Holder pursuant to Section 3.8.

"H&F Stockholders" shall mean, in each case only for so long as such Person or Permitted Transferee is a holder of Shares, (i) those Persons which are listed as the H&F Stockholders on Exhibit A hereto and (ii) their Permitted Transferees pursuant to the definition of Permitted Transfer (other than the Company), as evidenced by an executed Joinder Agreement, indicating that such Permitted Transferee will be an H&F Stockholder.

"H&F Subscription Agreement" shall mean that certain Stock Subscription Agreement, dated as of October 7, 2014, by and between the H&F Stockholders and the Company.

"Holder" shall mean any Stockholder (and any transferee pursuant to Section 3.8) holding Registrable Securities, securities exercisable or convertible into Registrable Securities or securities exercisable for securities convertible into Registrable Securities.

"Incentive Plan" shall mean the Globe Holding Corp. 2014 Equity Incentive Plan, as amended and the Grocery Outlet Holding Corp. 2019 Equity Incentive Plan, as amended, together with any other compensatory stock plan adopted by the Company from time to time, as amended.

"Indemnification Sources" shall have the meaning as set forth in Section 4.1(c).

"Indemnified Liabilities" shall have the meaning as set forth in Section 4.1(a).

"Indemnified Party" shall have the meaning as set forth in Section 3.6(c).

"Indemnifying Party" shall have the meaning as set forth in Section 3.6(c).

"Indemnitee Related Entities" shall have the meaning as set forth in Section 4.1(c).

"Indemnitees" shall have the meaning as set forth in Section 4.1(a).

"Independent Director Stockholder" shall mean any Stockholder who is a member of the Board other than an H&F Stockholder, Employee Stockholder or Read Trust Rollover Stockholder.

"Initiating Holder" means, as applicable for a particular offering, (i) the H&F Initiating Holders or (ii) the Executive / Read Trust Initiating Holders.

"Intermediate Holding Company" shall mean (a) Opco or any other Person acquired by the Company or any of its Subsidiaries (other than Opco or any of its Subsidiaries) after the date hereof (each such other Person, a "Sister Company") and (b) any other Subsidiary of the Company that is a direct or indirect parent of Opco and/or any Sister Company.

"IPO Entity Shares" shall mean (i) shares of Common Stock, and (ii) any other equity securities received in respect thereof in connection with any combination of shares, recapitalization, merger, consolidation or other reorganization or by way of stock split, stock dividend or other distribution.

"IPO Lock-Up Period" shall have the meaning as set forth in Section 3.12(a)(i).

"Joinder Agreement" means a joinder agreement substantially in the form of Annex I attached hereto or such other form as may be agreed by the Company.

"Jointly Indemnifiable Claims" shall have the meaning as set forth in Section 4.1(c).

"Law" shall have the meaning as set forth in Section 2.3.

"Lindberg Proxy" shall have the meaning as set forth in Section 5.1.

"Lindberg Stockholders" shall have the meaning as set forth in Section 5.1.

"Lock-Up Restriction" shall have the meaning as set forth in Section 3.12(a).

"Majority Shelf Holder" shall have the meaning as set forth in Section 3.1(b).

"Management Proxy" shall have the meaning as set forth in Section 5.1.

"Management Stockholders" shall mean, in each case only for so long as such Person or Permitted Transferee is a holder of Shares, (i) those Persons which are listed as the Management Stockholders on Exhibit A hereto, (ii) any other Person who acquires shares of Common Stock pursuant to the exercise of Options and provides an executed Joinder Agreement, indicating that such Person will be a Management Stockholder and (iii) their Permitted Transferees pursuant to the definition of Permitted Transfer (other than the Company), as evidenced by an executed Joinder Agreement, indicating that such Permitted Transferee will be a Management Stockholder.

"Marketed Underwritten Shelf Take-Down" shall have the meaning as set forth in Section 3.1(d)(iii).

"Non-H&F Stockholder" shall mean the Stockholders other than the H&F Stockholders.

"Opco" shall mean Grocery Outlet Inc., a Delaware corporation, together with its successors and permitted assigns.

"Options" shall mean the options granted to certain Employee Stockholders under the Incentive Plan to purchase shares of Common Stock on the terms set forth therein and in the certificates and agreements issued pursuant thereto.

"Other Stockholder Proxy" shall have the meaning as set forth in Section 5.1.

"Other Stockholders" shall mean, in each case only for so long as such Person or Permitted Transferee is a holder of Shares, (i) any Person who is a party to this Agreement (whether through execution of this Agreement, the Original Agreement or a Joinder Agreement) other than the Company and its Subsidiaries, the H&F Stockholders and the Employee Stockholders and (ii) such Persons' Permitted Transferees pursuant to the definition of Permitted Transfer (other than the Company), as evidenced by an executed Joinder Agreement, indicating that such Permitted Transferee will be an Other Stockholder.

"Permitted Transfer" shall mean:

(i) a Transfer of Shares by any Stockholder who is a natural person (or a trustee of a trust for the benefit of a natural person) (or any Employee Stockholder) to (a) such Stockholder's (or, in the case of an Employee Stockholder, such Employee Stockholders' Applicable Employee's) spouse, children (including legally adopted children and stepchildren), spouses of children, grandchildren (including legally adopted children or stepchildren of such Stockholder's children), spouses of grandchildren, parents or siblings; (b) a trustee of a trust for the benefit of such Stockholder (or, in the case of an Employee Stockholder, the Applicable Employee of such Employee Stockholder) and/or any of the Persons described in clause (a); or (c) a corporation, limited partnership or limited liability company whose sole shareholders, partners or members, as the case may be, are such Stockholder (or, in the case of an Employee Stockholder, the Applicable Employee of such Employee Stockholder) and/or any of the Persons described in clause (a) or clause (b).

(ii) a Transfer of Shares by any Stockholder to the Company (including, without limitation, any pledge of Shares or Options to the Company);

(iii) a Transfer of Shares by a Stockholder who is a natural person upon death or incapacity to such Stockholder's estate, executors, trustees, administrators and personal representatives, and then to such Stockholder's legal representatives, heirs, beneficiaries or legatees (whether or not such recipients are a spouse, children, spouses of children, grandchildren, spouses of grandchildren, parents or siblings of such Stockholder);

(iv) a Transfer of Shares by the H&F Stockholders to (a) any Affiliate of Hellman & Friedman LLC, (b) any investment fund or alternative investment vehicle, directly or indirectly, affiliated with, or managed or sponsored by, Hellman & Friedman LLC, or (c) any of the employees, partners, members or Affiliates of such H&F Stockholder or any of the foregoing; and

(v) a Transfer of Shares by any Other Stockholder who is not a natural person to any Affiliate of such Other Stockholder.

provided, *however*, that notwithstanding anything herein to the contrary, Options may only be transferred in accordance with the terms of the Incentive Plan; and, *provided*, *further*, that no Permitted Transfer shall be effective unless and until the transferee of the Shares so transferred executes and delivers to the Company a Joinder Agreement and agrees to be bound hereunder in the same manner and to the same extent as the Stockholder from whom the Shares were transferred as provided for in Section 5.13. On subsequent transfers by a Permitted Transferee, the determination of whether the transferee is a Permitted Transferee shall be determined by reference to the Stockholder who was an original party to this Agreement, not by reference to the transferring Permitted Transferee in such subsequent transfer. If at any time after a Permitted Transfer, a transferee ceases to be a Permitted Transferee of the Stockholder who transferred the Shares to the transferee, then such transferee must transfer the Shares to such original Stockholder or a Permitted Transferee of such original Stockholder as promptly as practicable. No Permitted Transfer shall conflict with or result in any violation of a judgment, order, decree, statute, law, ordinance, rule or regulation.

"Permitted Transferee" shall mean any Person who shall have acquired and who shall hold Shares or Options pursuant to a Permitted Transfer.

"Person" shall mean any individual, partnership, corporation, association, limited liability company, trust, joint venture, unincorporated organization or entity, or any government, governmental department or agency or political subdivision thereof.

"Proprietary Information" shall have the meaning as set forth in Section 2.3.

"Pro Rata Shelf Take-Down Share" shall have the meaning as set forth in Section 3.1(d)(iv)(A).

"Prospectus" shall mean the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments, and all other material incorporated by reference in such prospectus.

"Public Offering" shall mean the completion of a sale of Common Stock pursuant to a registration statement which has become effective under the 1933 Act (excluding registration statements on Form S-4, S-8 or similar limited purpose forms), in which some or all of the Common Stock shall be listed and traded on a national exchange or on the NASDAQ National Market System.

"Read Proxy" shall have the meaning as set forth in Section 5.1.

"Read Stockholders" shall have the meaning as set forth in Section 5.1.

"Read Trust Rollover Stockholders" shall mean, in each case only for so long as such Person or Permitted Transferee is a holder of Shares, (i) those Persons which are listed as Read Trust Rollover Stockholders on Exhibit A hereto and (ii) their Permitted Transferees pursuant to the definition of Permitted Transfer (other than the Company), as evidenced by an executed Joinder Agreement, indicating that such Permitted Transferee will be a Read Trust Rollover Stockholder.

"register", "registered" and "registration" shall mean a registration effected pursuant to a registration statement filed with the SEC (a "Registration Statement") in compliance with the 1933 Act.

"Registrable Securities" shall mean (i) IPO Entity Shares held (whether now held or hereafter acquired) by a Stockholder or any transferee to the extent permitted by Section 3.8, (ii) any IPO Entity Shares issued as (or, as of any such date of determination, then currently issuable upon the conversion, exchange or exercise of any warrant, right or other securities that are issued as) a dividend or other distribution with respect to, or in exchange or in replacement of, such IPO Entity Shares contemplated by the immediately foregoing clause (i) and (iii) the number of IPO Entity Shares issuable upon exercise of Options that are vested as of any such date of determination; *provided*, *however*, that IPO Entity Shares shall cease to be treated as

Registrable Securities if (a) a Registration Statement covering such securities has been declared effective by the SEC and such securities have been disposed of pursuant to such effective Registration Statement, (b) a Registration Statement on Form S-8 (or any successor form) covering such securities is effective, (c) such securities are sold pursuant to Rule 144 or 145 promulgated under the 1933 Act (or another exemption from the registration requirements of the 1933 Act), (d) such securities cease to be outstanding or (e) the Holder thereof, together with his, her or its Permitted Transferees, holds (excluding any securities covered by the foregoing clause (b)) less than two percent (2%) of the shares of Common Stock that are outstanding at such time and such Holder is able to dispose of all of its Registrable Securities in any ninety (90) day period pursuant to Rule 144 or 145 (or any similar or analogous rule) promulgated under the 1933 Act. For the avoidance of doubt, it is understood that, with respect to any Registrable Securities for which a Holder holds vested but unexercised Options or other securities exercisable for, convertible into or exchangeable for Registrable Securities, to the extent that such Registrable Securities are to be sold pursuant to ARTICLE III, such Holder must exercise the relevant Option or such other securities (which may include an exercise conditional upon the effectiveness of the applicable Registration Statement and, solely to the extent permitted by the terms thereof, effected on a "net exercise" basis) or exercise, convert or exchange such other relevant securities and transfer the relevant IPO Entity Shares (rather than the Option or such other securities) (in each case, net of any amounts required to be withheld by the Company in connection with such exercise).

"Registration Expenses" shall mean any and all expenses incident to the performance by the Company of its obligations under ARTICLE III, including (i) all SEC or stock exchange registration and filing fees (including, if applicable, the fees and expenses of any "qualified independent underwriter," as such term is defined in Rule 5121 of FINRA (or any successor provision), and of its counsel), (ii) all fees and expenses of complying with securities or "blue sky" laws (including fees and disbursements of counsel for the underwriters in connection with "blue sky" qualifications of the Registrable Securities), (iii) all printing, messenger and delivery expenses, (iv) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange and all rating agency fees, (v) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits and/or comfort letters required by or incident to such performance and compliance, (vi) any fees and disbursements of underwriters customarily paid by the issuers or sellers of securities, including liability insurance if the Company so desires or if the underwriters so require, and the reasonable fees and expenses of any special experts retained in connection with the requested registration, but excluding underwriting discounts and commissions and transfer taxes, if any, (vii) the fees and out-of-pocket expenses of not more than one counsel for some or all of the Holders participating in the registration or offering (as selected by the holders of a majority of the Registrable Securities included in such registration or offering), (viii) the costs and expenses of the Company relating to analyst and investor presentations or any "road show" undertaken in connection with the registration and/or marketing of the Registrable Securities (including the reasonable out-of-pocket expenses of the Holders) and (ix) any other fees and disbursements customarily paid by the issuers of securities.

"Restricted Shelf Take-Down" shall have the meaning as set forth in Section 3.1(d)(iv).

"Restricted Shelf Take-Down Notice" shall have the meaning as set forth in Section 3.1(d)(iv).

"Restricted Shelf Take-Down Participation Notice" shall have the meaning as set forth in Section 3.1(d)(iv).

"Restricted Shelf Take-Down Selling Holders" shall have the meaning as set forth in Section 3.1(d)(iv).

"Rule 144" means Rule 144 (or any successor provision) under the 1933 Act, as such provision is amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"Shares" shall mean (i) shares of Common Stock held by Stockholders from time to time, including upon exercise of any Options, (ii) other equity securities of the Company or its Subsidiaries held by the Stockholders, or (iii) securities of the Company or its Subsidiaries issued in exchange for, upon reclassification of, or as a dividend or distribution in respect of, the foregoing; *provided*, that notwithstanding anything herein to the contrary, for purposes of Sections 2.2, 5.3 and 5.22, the term "Shares" shall only include (x) shares of Common Stock and (y) shares of Common Stock issuable upon exercise of Options (solely to the extent such Options, on or prior to the time the determination of Shares is made, are vested and, if such Options may be exercised on a "net exercise" basis in accordance with their terms, as determined after giving effect to the net exercise thereof as of such time of determination), in each case, held by the applicable Stockholder.

"Shelf Holder" shall have the meaning as set forth in Section 3.1(a).

"Shelf Registration Notice" shall have the meaning as set forth in Section 3.1(a).

"Shelf Registration Statement" shall mean a Registration Statement of the Company filed with the SEC on Form S-3 for an offering to be made on a continuous basis pursuant to Rule 415 under the 1933 Act (or any similar rule that may be adopted by the SEC) covering the Registrable Securities, as applicable.

"Shelf Suspension" shall have the meaning as set forth in Section 3.1(c).

"Shelf Take-Down" shall mean any offering or sale of Registrable Securities by a Shelf Holder pursuant to a Shelf Registration Statement.

"Shelf Take-Down Percentage" shall have the meaning as set forth in Section 3.1(d)(ii).

"Spousal Consent" shall have the meaning as set forth in Section 1.1(d).

"Stockholder Nominee" shall have the meaning as set forth in Section 2.2(a)(i)(C).

"Stockholders" shall mean the H&F Stockholders, the Employee Stockholders and the Other Stockholders.

"Subscription Agreements" shall mean (i) the H&F Subscription Agreement, (ii) each of the Transfer and Contribution Commitment and Support Agreements, by and among the Company and the Executive Stockholders, and the Company and certain other Stockholders that are Permitted Transferees of the Executive Stockholders, and (iii) those certain Management Transfer, Contribution and Subscription Commitment and Support Agreements, by and between the Company and each of the Management Stockholders.

"Subsidiary" with respect to any entity (the "parent") shall mean any corporation, limited liability company, company, firm, association or trust of which such parent, at the time in respect of which such term is used, (i) owns directly or indirectly more than fifty percent (50%) of the equity, membership interest or beneficial interest, on a consolidated basis, or (ii) owns directly or controls with power to vote, directly or indirectly through one or more Subsidiaries, shares of the equity, membership interest or beneficial interest having the power to elect more than fifty percent (50%) of the directors, trustees, managers or other officials having powers analogous to that of directors of a corporation. Unless otherwise specifically indicated, when used herein the term Subsidiary shall refer to a direct or indirect Subsidiary of the Company.

"Third Party" shall mean any Person other than the Company.

"Third Party Holder" shall mean any holder (other than a Holder) of shares of Common Stock Equivalents, if any, who exercises contractual rights to participate in a registered offering of shares of Common Stock.

"Third Party Shelf Holder" shall have the meaning as set forth in Section 3.1(a).

"Transfer" and "Transferred" shall mean to transfer, sell, assign, pledge, hypothecate, give, create a security interest in or lien on, place in trust (voting or otherwise), assign or in any other way encumber or dispose of, directly or indirectly and whether or not by operation of law or for value, any Shares or Options or any legal, economic or beneficial interest therein; *provided*, *however*, that a transfer of limited partnership interests, limited liability company interests or similar interests in any of the H&F Stockholders, any other private equity fund or any parent entity or investment holding vehicle with respect to any such H&F Stockholder or private equity fund shall not constitute a Transfer for purposes of this Agreement, provided that the purpose of such transfer is not the circumvention of this definition.

"Underwritten Shelf Take-Down" shall have the meaning as set forth in Section 3.1(d)(ii).

"Underwritten Shelf Take-Down Notice" shall have the meaning as set forth in Section 3.1(d)(ii).

"Underwriting Agreement" shall mean an underwriting agreement among the Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, Deutsche Bank Securities Inc., Jefferies LLC and the other investment banks party thereto with respect to an underwritten initial Public Offering of Common Stock.

"Well-Known Seasoned Issuer" shall have the meaning set forth in Rule 405 (or any successor provision) of the 1933 Act.

ARTICLE II

COVENANTS AND CONDITIONS

Subject to the provisions of Section 5.8 hereof relating to the termination of certain provisions of this Agreement, the following covenants and conditions shall apply.

2.1 Restrictions on Transfers.

(a) General Transfer Restrictions. Until the expiration of the IPO Lock-Up Period, without the consent of the Board, no Stockholder (other than any of the H&F Stockholders) may Transfer all or any of the Shares owned by such Stockholder to any Person other than (i) to a Permitted Transferee, (ii) solely in the case of the Employee Stockholders or Independent Director Stockholders, pursuant to any purchase by the Company or any of its Subsidiaries from an Employee Stockholder or Independent Director Stockholder upon termination of employment of the Applicable Employee with respect to such Employee Stockholder or the cessation of membership on the Board by such Independent Director Stockholder, as the case may be, or (iii) pursuant to the exercise of registration rights under ARTICLE III. Notwithstanding anything herein to the contrary, Options shall only be transferable according to their terms and the terms of the Incentive Plan. Any attempted Transfer of Shares by a Stockholder not permitted by this Section 2.1 shall be null and void, and the Company shall not in any way give effect to such impermissible Transfer. For the avoidance of doubt, each of the H&F Stockholders may Transfer all or any portion of its Shares at any time without restriction under this Section 2.1. After the IPO Lock-Up Period, there shall be no restrictions on a Transfer of Shares pursuant to this Agreement.

(b) Transferred Shares Subject to Transfer Restrictions. Except for Transfers (i) to the Company, (ii) pursuant to an effective Registration Statement filed with the SEC or (iii) by any of the H&F Stockholders to its partners, members or other investors after the initial Public Offering, any Shares Transferred by a Stockholder pursuant to this Section 2.1 prior to the expiration of the IPO Lock-Up Period shall remain subject to the Transfer restrictions of this Agreement and each intended transferee pursuant to this this Section 2.1 shall execute and deliver to the Company a Joinder Agreement, which shall evidence such transferee's agreement that the Shares intended to be transferred shall continue to be subject to this Agreement and that as to such Shares the transferee shall be bound by the restrictions of this Agreement as a Stockholder hereunder.

2.2 Corporate Governance.

(a) Board of Directors. The Company hereby agrees that:

(i) Unless otherwise agreed in writing by the Executive Stockholders and the H&F Stockholders, and subject to applicable law (including laws relating to fiduciary duties) and the rules and regulations of the applicable stock exchange:

(A) for so long as the Company's certificate of incorporation shall provide for the division of directors into three classes, the Company shall nominate the chief executive officer of the Company (the "Chief Executive Officer") to serve on the Board of Directors as a Class III director (or such other class of director as the Board of Directors shall designate). In the event the Company's certificate of incorporation shall not provide for the division of directors into three classes, the Company shall nominate the Chief Executive Officer for election as a director as part of any slate that is included in the proxy statement (or consent solicitation or similar document) of the Company relating to the election of directors;

(B) for so long as the Company's certificate of incorporation shall provide for the division of directors into three classes, the Company shall nominate to serve on the Board of Directors as a Class II director (or, with the approval of the Board of Directors, such other class of directors as the Executive / Read Trust Stockholders shall designate) one (1) individual designated by the Executive / Read Trust Stockholders holding a majority of the aggregate Shares then held by such Stockholders for so long as such Stockholders collectively hold at least five percent (5%) of the shares of outstanding Common Stock. In the event the Company's certificate of incorporation shall not provide for the division of directors into three classes, the Company shall nominate to serve on the Board of Directors one (1) individual designated by the Executive / Read Trust Stockholders holding a majority of the aggregate Shares then held by such Stockholders for so long as such Stockholders collectively hold at least five percent (5%) of the shares of outstanding Common Stock as part of any slate that is included in the proxy statement (or consent solicitation or similar document) of the Company relating to the election of directors (the individual, if any, nominated pursuant to this Section 2.2(a)(i)(B), the "Executive / Read Trust Director Nominee"). Steven MacGregor Read, Jr. shall be the initial Executive / Read Trust Director Nominee and shall be the Executive / Read Trust Director Nominee for so long as he serves as the Vice Chairman of the Company; and

(C) the Company shall nominate to serve on the Board of Directors a number of individuals designated by the H&F Stockholders such that, upon the election of all such individuals and taking into account any director continuing to serve on the Board of Directors without need for re-election who was nominated by the H&F Stockholders pursuant to this Section 2.2(a)(i)(C), the number of directors designated by the H&F Stockholders shall equal (x) the total members of the Board of Directors of the Company, multiplied by (y) the percentage of outstanding Common Stock held from time to time by the H&F Stockholders, which number shall be rounded up to the next highest whole number of directors (the "H&F Director Nominees" and, together with the Executive/Read Trust Director Nominee, the "Stockholder Nominees"); provided that in no

event shall the number of H&F Director Nominees, together with the Executive / Read Trust Director Nominee, if any, and the Chief Executive Officer, exceed the number of directors permitted by the Company's certificate of incorporation or bylaws. For so long as the directors on the Board of Directors of the Company are divided into three classes, such H&F Director Nominees shall be apportioned by the H&F Stockholders among such classes so as to maintain the number of H&F Director Nominees in each class as nearly equal as possible.

(ii) The Company shall include as part of the slate that is included in the proxy statement (or consent solicitation or similar document) of the Company relating to the election of directors, the Chief Executive Officer (if such proxy statement (or consent solicitation or similar document) relates to the election of directors of the class to which the Chief Executive Officer belongs pursuant to Section 2.2(a)(i)(A)), the Executive / Read Trust Director Nominee designated for nomination pursuant to Section 2.2(a)(i)(B) (if such proxy statement (or consent solicitation or similar document) relates to the election of directors of the class to which the Executive / Read Trust Director Nominee belongs pursuant to Section 2.2(a)(i)(B)) and the H&F Director Nominees and shall provide the highest level of support for the election of each person nominated pursuant to Section 2.2(a)(i) as it provides to any other individual standing for election as a director of the Company as part of such Company slate of directors.

(iii) In the event that a Stockholder Nominee shall cease to serve as a director for any reason (other than the failure of the stockholders of the Company to elect such individual as a director), the Persons entitled to designate such Stockholder Nominee pursuant to Section 2.2(a)(i)(B) or (C) shall have the right to appoint another Stockholder Nominee to fill the vacancy resulting therefrom. For the avoidance of doubt, it is understood that the failure of the stockholders of the Company to elect any Stockholder Nominee shall not affect the right of the Persons entitled to designate such Stockholder Nominee pursuant to Section 2.2(a)(i)(B) or (C) to designate a Stockholder Nominee for election pursuant to Section 2.2(a)(i)(B) or (C) in connection with any future election of directors of the Company.

(iv) Upon the classification of the Board of Directors into three classes, the initial Chief Executive Director shall be Eric J. Lindberg, the initial Executive / Read Trust Director Nominee shall be Steven MacGregor Read, Jr. and the initial H&F Director Nominees shall be Erik D. Ragatz, Matthew B. Eisen and Sameer Narang. None of Kenneth W. Alterman, Thomas F. Herman, Norman S. Matthews or Jeffrey York shall be deemed to be an initial Stockholder Nominee. Upon the classification of the Board of Directors into three classes, the initial Class I directors shall consist of Erik D. Ragatz, Thomas F. Herman and Kenneth W. Alterman, the initial Class II directors shall consist of Steven MacGregor Read, Jr., Sameer Narang and Jeffrey York, and initial Class III directors shall consist of Eric J. Lindberg, Norman S. Matthews and Matthew B. Eisen.

(b) Each Stockholder hereby agrees with the Company, severally and not jointly, that for so long as any Stockholder is entitled to designate a Stockholder Nominee pursuant to Section 2.2(a)(i) such Stockholder shall vote all of its Common Stock in favor of each individual standing for election as a director of the Company as part of the Company's slate of directors that is included in the proxy statement (or consent solicitation or similar document) of the Company relating to the election of directors and whose election the Board of the Directors has recommended.

2.3 Confidentiality. Each Stockholder shall maintain the confidentiality of any confidential and proprietary information of the Company and its Subsidiaries ("Proprietary Information") using the same standard of care, but in no event less than reasonable care, as it applies to its own confidential information, except (i) for any Proprietary Information which is publicly available (other than as a result of dissemination by such Stockholder in breach of this Agreement) or a matter of public knowledge generally, (ii) if the release of such Proprietary Information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction or other applicable law, rule, regulation, legal or judicial process or audit or inquiries by a regulator, bank examiner or self-regulatory organization (collectively, "Law"), following delivery of prior written notice to the Company (to the extent reasonably practicable and permitted under applicable Law), or (iii) for Proprietary Information that was known to such Stockholder on a non-confidential basis, without, to such Stockholders' knowledge, breach of any third party's confidentiality obligations to the Company in respect thereof, prior to its disclosure by the Company or its Subsidiaries.

ARTICLE III

REGISTRATION RIGHTS

3.1 Shelf Registration.

(a) Filing. Upon the one-year anniversary of an initial Public Offering (unless otherwise agreed in writing by the H&F Stockholders and the Executive / Read Trust Stockholders), subject to the Company's rights under Section 3.1(c) and the limitations set forth in Section 3.1(d), the Company shall (i) promptly (but in any event no later than twenty (20) days prior to the date such Shelf Registration Statement is declared effective) give written notice (a "Shelf Registration Notice") of the proposed registration to all Holders and (ii) use its reasonable best efforts to file as soon as reasonably practicable after such anniversary with the SEC and to cause to become effective under the 1933 Act a Shelf Registration Statement (which such Shelf Registration Statement shall be designated by the Company as an Automatic Shelf Registration Statement if the Company is a Well-Known Seasoned Issuer at the time of filing such Shelf Registration Statement with the SEC) for all Registrable Securities held by the H&F Stockholders and the Executive / Read Trust Stockholders (or, if an H&F Stockholder or Executive / Read Trust Stockholder determines to not include all of its Registrable Securities therein, such lesser amount as such Stockholder shall request to the Company in writing), together with (x) all or such portion of the Registrable Securities of any other Holder or Holders as are specified in a written request received by the Company within fifteen (15) days after such Shelf Registration Notice is given (each such Holder, and each H&F Stockholder and each Executive / Read Trust Stockholder, as the case may be, a "Shelf Holder") and (y) all or such portion of the shares of any Third Party Holder that the Company determines may register securities in such registration (each such Third Party Holder, a "Third Party

Shelf Holder"); *provided*, *however*, that if the Company is permitted by applicable Law to add selling stockholders to a Shelf Registration Statement without filing a post-effective amendment, a Holder may request the inclusion of additional Registrable Securities in such Shelf Registration Statement at any time or from time to time, and the Company shall add such Registrable Securities to the Shelf Registration Statement as promptly as reasonably practicable, and such Holder shall be deemed a Shelf Holder. Notwithstanding anything to the contrary, in no event shall the Company be required to file, or maintain the effectiveness of, a Shelf Registration Statement pursuant to this Section 3.1(a) at any time if Form S-3 is not available to the Company at such time.

(b) Continued Effectiveness. Except as otherwise agreed by the H&F Initiating Holders, the Company shall use its reasonable best efforts to keep such Shelf Registration Statement filed pursuant to Section 3.1(a) continuously effective under the 1933 Act in order to permit the Prospectus forming a part thereof to be usable by the Shelf Holders until the earlier of (i) the date as of which all Registrable Securities registered by such Shelf Registration Statement have been sold and (ii) such shorter period as the Shelf Holders of a majority of the Registrable Securities of the H&F Stockholders that are registered on such Shelf Registration Statement (the "Majority Shelf Holders") may determine.

(c) Suspension of Filing or Registration. If the Company shall furnish to the Shelf Holders a certificate signed by a Chief Executive Officer or equivalent senior executive of the Company stating that the filing, effectiveness or continued use of the Shelf Registration Statement would require the Company to make an Adverse Disclosure, then the Company shall have a period of not more than sixty (60) days or such longer period as the Majority Shelf Holders shall consent to in writing, within which to delay the filing or effectiveness (but not the preparation) of such Shelf Registration Statement or, in the case of a Shelf Registration Statement that has been declared effective, to suspend the use by Shelf Holders of such Shelf Registration Statement (in each case, a "Shelf Suspension"); *provided*, *however*, that, unless consented to in writing by the Majority Shelf Holders, the Company shall not be permitted to exercise more than two (2) Shelf Suspensions pursuant to this Section 3.1(c) and Demand Delays pursuant to Section 3.2(a)(ii) in the aggregate, or aggregate Shelf Suspensions pursuant to this Section 3.1(c) and Demand Delays pursuant to Section 3.2(a)(ii) of more than one hundred and twenty (120) days, in each case, during any twelve-month (12) period. Each Shelf Holder shall keep confidential the fact that a Shelf Suspension is in effect, the certificate referred to above and its contents for the permitted duration of the Shelf Suspension or until otherwise notified by the Company, except (A) for disclosure to such Shelf Holder's employees, agents and professional advisers who need to know such information and are obligated to keep it confidential, (B) for disclosures to the extent required in order to comply with reporting obligations to its limited partners who have agreed to keep such information confidential and (C) as required by Law. In the case of a Shelf Suspension that occurs after the effectiveness of the Shelf Registration Statement, the Shelf Holders agree to suspend use of the applicable Prospectus for the permitted duration of such Shelf Suspension in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the certificate referred to above. The Company shall immediately notify the Shelf Holders upon the termination of any Shelf Suspension,

and (i) in the case of a Shelf Registration Statement that has not been declared effective, shall promptly thereafter file the Shelf Registration Statement and use its reasonable best efforts to have such Shelf Registration Statement declared effective under the 1933 Act and (ii) in the case of an effective Shelf Registration Statement, shall amend or supplement the Prospectus, if necessary, so it does not contain any material misstatement or omission prior to the expiration of the Shelf Suspension and furnish to the Shelf Holders such numbers of copies of the Prospectus as so amended or supplemented as the Shelf Holders may reasonably request. The Company agrees, if necessary, to supplement or make amendments to the Shelf Registration Statement if required by the registration form used by the Company for the Shelf Registration Statement or by the instructions applicable to such registration form or by the 1933 Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Majority Shelf Holders.

(d) Shelf Take-Downs.

(i) Initiation of Shelf Take-Downs. If a Shelf Registration Statement has been filed and is effective, then (A) on or before the one-year anniversary of the initial Public Offering, the H&F Initiating Holders, and only the H&F Initiating Holders, may from time to time initiate a Shelf-Take Down, subject to compliance with the requirements of this Section 3.1(d) (if and to the extent applicable to such Shelf Take-Down) and (B) after the one-year anniversary of the initial Public Offering, any of the Shelf Holders may from time to time initiate a Shelf Take-Down, subject to compliance with the requirements of this Section 3.1(d) (if and to the extent applicable to such Shelf Take-Down); *provided*, *however*, that (x) on or before the one-year anniversary of the initial Public Offering, only the H&F Initiating Holders, and after the one-year anniversary of the initial Public Offering, only the Initiating Holders, in each case, as applicable, may request an Underwritten Shelf Take-Down.

(ii) Underwritten Shelf Take Downs. Subject to Section 3.1(d)(i), any Initiating Holder (but only an Initiating Holder) with respect to a Shelf Take-Down (including any Restricted Shelf Take-Down) may elect in a written demand delivered to the Company (an "Underwritten Shelf Take-Down Notice") for such Shelf Take-Down to be in the form of an underwritten offering (an "Underwritten Shelf Take-Down"), and the Company shall, if so requested, file and effect an amendment or supplement of the Shelf Registration Statement for such purpose as soon as practicable; *provided*, that any such Underwritten Shelf Take-Down shall be deemed to be, for purposes of Section 3.2, a Demand Registration. The Initiating Holder that delivers such Underwritten Shelf Take-Down Notice shall have the right to select the underwriter or underwriters to administer such Underwritten Shelf Take-Down; *provided*, that such underwriter or underwriters shall be reasonably acceptable to the Company. With respect to any Underwritten Shelf Take-Down (including any Marketed Underwritten Shelf Take-Down), in the event that a Shelf Holder otherwise would be entitled to participate in such Underwritten Shelf Take-Down pursuant to Section 3.1(d)(iii) or Section 3.1(d)(iv), as the case may be, the right of such Shelf Holder to participate in such Underwritten Shelf Take-Down shall be conditioned upon such Shelf Holder's participation in such underwriting and the inclusion of such Shelf Holder's Registrable Securities in the underwriting to the extent

provided herein. The Company shall, together with all Shelf Holders and Third Party Shelf Holders of Registrable Securities of the Company that are permitted to distribute their securities through such Underwritten Shelf Take-Down, enter into an underwriting agreement in customary form with the underwriter or underwriters selected in accordance with this Section 3.1(d)(ii). Notwithstanding any other provision of this Section 3.1 (other than Section 3.1(d)(iv)), if the underwriter shall advise the Company that marketing factors (including an adverse effect on the per share offering price) require a limitation of the number of shares to be underwritten in an Underwritten Shelf Take-Down, then the Company shall so advise all Shelf Holders and Third Party Shelf Holders of Registrable Securities that are permitted to, and have requested to, participate in such Underwritten Shelf Take-Down, and the number of shares of Registrable Securities that may be included in such Underwritten Shelf Take-Down shall be allocated pro rata among such Shelf Holders and Third Party Shelf Holders thereof in proportion, as nearly as practicable, to the respective amounts of Registrable Securities held by such Shelf Holders and Third Party Shelf Holders at the time of such Underwritten Shelf Take-Down; *provided*, that any Registrable Securities thereby allocated to a Shelf Holder that exceed such Shelf Holder's request shall be reallocated among the remaining requesting Shelf Holders in like manner. No Registrable Securities excluded from an Underwritten Shelf Take-Down by reason of the underwriter's marketing limitation shall be included in such underwritten offering.

(iii) Marketed Underwritten Shelf Take-Downs. The Initiating Holder shall indicate in any Underwritten Shelf Take-Down Notice they deliver to the Company pursuant to Section 3.1(d)(iii) whether it intends for such Underwritten Shelf Take-Down to involve a customary "road show" (including an "electronic road show") or other substantial marketing effort by the underwriters over a period of at least 48 hours (a "Marketed Underwritten Shelf Take-Down"). Upon receipt of an Underwritten Shelf Take-Down Notice indicating that such Underwritten Shelf Take-Down will be a Marketed Underwritten Shelf Take-Down, the Company shall promptly (but in any event no later than ten (10) days prior to the expected date of such Marketed Underwritten Shelf Take-Down) give written notice of such Marketed Underwritten Shelf Take-Down to all other Shelf Holders of Registrable Securities under such Shelf Registration Statement and any such Shelf Holders requesting inclusion in such Marketed Underwritten Shelf Take-Down must respond in writing within five (5) days after the receipt of such notice. Each such Shelf Holder that timely delivers any such request shall be permitted to sell in such Marketed Underwritten Shelf Take-Down subject to the terms and conditions of Section 3.1(d)(ii).

(iv) Restricted Shelf Take-Downs. In addition to the requirements set forth in Section 3.1(d)(iii) with respect to any Underwritten Shelf Take-Down that is not a Marketed Underwritten Shelf-Take-Down, for any Initiating Holder to initiate such an Underwritten Shelf Take-Down (any such Underwritten Shelf Take-Down, a "Restricted Shelf Take-Down"), such Initiating Holder shall provide written notice (a "Restricted Shelf Take-Down Notice") of such Restricted Shelf Take-Down to all other Shelf Holders as far in advance of the completion of such Restricted Shelf Take-Down as shall be reasonably practicable in light of the circumstances applicable to such Restricted Shelf Take-Down (but in no event less than three (3) hours in advance of the completion of

such Restricted Shelf Take-Down), which Restricted Shelf Take-Down Notice shall set forth (1) the total number of Registrable Securities expected to be offered and sold in such Restricted Shelf Take-Down, (2) the expected plan of distribution of such Restricted Shelf Take-Down, (3) the fraction, expressed as a percentage, determined by dividing the number of Registrable Securities anticipated to be sold in such Restricted Shelf Take-Down by the total number of Registrable Securities held by such Initiating Holder (the "Shelf Take-Down Percentage"), (4) an invitation to each other Shelf Holder to elect (such other Shelf Holders who make such an election being "Shelf Take-Down Participating Holders," and, together with the Initiating Holder and all other Persons who otherwise are transferring, or have exercised a contractual or other right to transfer, Registrable Securities in connection with such Restricted Shelf Take-Down, the "Restricted Shelf Take-Down Selling Holders") to include in the Restricted Shelf Take-Down Registrable Securities held by such Shelf Take-Down Participating Holder (not in any event to exceed the Shelf Take-Down Percentage of the total number of IPO Entity Shares held by such Shelf Take-Down Participating Holder) and (5) the action or actions required (including the timing thereof) in connection with such Restricted Shelf Take-Down with respect to each such other Shelf Holder that elects to exercise such right (including the delivery of one or more certificates representing Registrable Securities of such other Shelf Holder to be sold in such Restricted Shelf Take-Down). Upon delivery of a Restricted Shelf Take-Down Notice, each such other Shelf Holder may elect to sell Registrable Securities in such Restricted Shelf Take-Down, at the same price per Registrable Security and pursuant to the same terms and conditions with respect to payment for the Registrable Securities as agreed to by such Initiating Holder, by sending an irrevocable written notice (a "Restricted Shelf Take-Down Participation Notice") to such Initiating Holder within the time period specified in such Restricted Shelf Take-Down Notice, indicating its, his or her election to sell up to the number of Registrable Securities in the Restricted Shelf Take-Down specified by such other Shelf Holder in such Restricted Shelf Take-Down Participation Notice (such specified number not in any event to exceed the Shelf Take-Down Percentage of the total number of Registrable Securities held by such other Shelf Holder). Following the time period specified in such Restricted Shelf Take-Down Notice, each Shelf Take-Down Participating Holder that has delivered a Restricted Shelf Take-Down Participation Notice shall be permitted to sell in such Restricted Shelf Take-Down on the terms and conditions set forth in the Restricted Shelf Take-Down Notice, concurrently with such Initiating Holder and the other Restricted Shelf Take-Down Selling Holders, the number of Registrable Securities calculated as follows:

(A) first there shall be allocated to each Restricted Shelf Take-Down Selling Holder a number of Registrable Securities equal to the lesser of (I) the maximum number of Registrable Securities such Restricted Take-Down Selling Holder has elected to sell in the Restricted Shelf Take-Down in its, his or her Restricted Shelf Take-Down Notice or Restricted Shelf Take-Down Participation Notice and (II) the number of Registrable Securities determined by multiplying (x) the number of Registrable Securities to be sold in such Restricted Shelf Take-Down by (y) a fraction the numerator of which is the number of Registrable Securities owned by such Restricted Shelf Take-Down Selling Holder and the denominator of which is the total Registrable Securities owned by all Restricted Shelf Take-Down Selling Holders (the "Pro Rata Shelf Take-Down Share"); and

(B) any remaining Registrable Securities to be sold in such Restricted Shelf Take-Down shall be allocated to the Restricted Shelf Take-Down Selling Holders that elected to sell in excess of their Pro Rata Shelf Take-Down Share, pro rata to such Restricted Shelf Take-Down Selling Holders based upon such Restricted Shelf Take-Down Selling Holders' relative Pro Rata Shelf Take-Down Shares, or as such Restricted Shelf Take-Down Selling Holders may otherwise agree in writing among themselves.

For the avoidance of doubt, it is understood that in order to be entitled to exercise its, his or her right to sell Registrable Securities in a Restricted Shelf Take-Down pursuant to this Section 3.1(d)(iv), each Shelf Take-Down Participating Holder must agree, on a several and not joint basis, to make the same representations, warranties, covenants, indemnities and agreements, if any, as the Initiating Holder agrees to make in connection with the Restricted Shelf Take-Down. Notwithstanding the delivery of any Restricted Shelf Take-Down Notice, all determinations as to whether to complete any Restricted Shelf Take-Down and as to the timing, manner, price and other terms of any Restricted Shelf Take-Down shall be at the sole discretion of the Initiating Holder. Each of the Initiating Holders agrees to reasonably cooperate with each of the other Shelf Holders to establish notice, delivery and documentation procedures and measures to facilitate such other Shelf Holder's participation in future potential Restricted Shelf Take-Downs by such Initiating Holder pursuant to this Section 3.1(d)(iv).

3.2 Demand Registration.

(a) Holders' Demand for Registration. Subject to the limitations set forth in Section 3.2(d), if the Company shall receive from an Initiating Holder a written demand that the Company effect any registration (a "Demand Registration") of Registrable Securities held by such Holders having a reasonably anticipated net aggregate offering price (after deduction of underwriter commissions and offering expenses) of at least $10,000,000, the Company will:

(i) promptly (but in any event within ten (10) days prior to the date such registration becomes effective under the 1933 Act) give written notice of the proposed registration to all other Holders; and

(ii) use its reasonable best efforts to effect such registration as soon as practicable as will permit or facilitate the sale and distribution of all or such portion of such Initiating Holders' Registrable Securities as are specified in such demand, together with all or such portion of the Registrable Securities of any other Holders joining in such demand as are specified in a written demand received by the Company within five (5) days after such written notice is given; *provided* that the Company shall not be obligated to file any Registration Statement or other disclosure document pursuant to this Section 3.2 (but shall be obligated to continue to prepare such Registration Statement or other disclosure document) if the Company shall furnish to such Holders a certificate signed by

a Chief Executive Officer or equivalent senior executive of the Company, stating that the filing or effectiveness of such Registration Statement would require the Company to make an Adverse Disclosure, in which case the Company shall have an additional period (each, a "Demand Delay") of not more than sixty (60) days (or such longer period as may be agreed upon by the Initiating Holders) within which to file such Registration Statement; *provided*, *however*, that the Company shall not exercise more than two (2) Demand Delays pursuant to this Section 3.2(a)(ii) and Shelf Suspensions pursuant to Section 3.1(c) in the aggregate, or aggregate Demand Delays pursuant to this Section 3.2(a)(ii) and Shelf Suspensions pursuant to Section 3.1(c) of more than one hundred and twenty (120) days, in each case, during any twelve-month (12) month period. Each Holder shall keep confidential the fact that a Demand Delay is in effect, the certificate referred to above and its contents for the permitted duration of the Demand Delay or until otherwise notified by the Company, except (A) for disclosure to such Holder's employees, agents and professional advisers who need to know such information and are obligated to keep it confidential, (B) for disclosures to the extent required in order to comply with reporting obligations to its limited partners who have agreed to keep such information confidential and (C) as required by Law.

(b) Underwriting. If the Initiating Holders intend to distribute the Registrable Securities covered by their demand by means of an underwritten offering, they shall so advise the Company as part of their demand made pursuant to this Section 3.2, and the Company shall include such information in the written notice referred to in Section 3.2(a)(i). In such event, the right of any Holder to registration pursuant to this Section 3.2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. The Company shall, together with all holders of Registrable Securities of the Company proposing to distribute their securities through such underwriting, enter into an underwriting agreement in customary form with the underwriter or underwriters selected by a majority-in-interest of the Initiating Holders and reasonably satisfactory to the Company. Notwithstanding any other provision of this Section 3.2, if the underwriter shall advise the Company that marketing factors (including an adverse effect on the per share offering price) require a limitation of the number of shares to be underwritten, then the Company shall so advise all Holders of Registrable Securities that have requested to participate in such offering, and the number of shares of Registrable Securities that may be included in the registration and underwriting shall be allocated pro rata among such Holders thereof in proportion, as nearly as practicable, to the respective amounts of Registrable Securities held by such Holders at the time of filing the Registration Statement; *provided* that the number of Registrable Securities to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting; *provided*, *further*, that any Registrable Securities thereby allocated to a Holder that exceed such Holder's request shall be reallocated among the remaining requesting Holders in like manner. No Registrable Securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration. If the underwriter has not limited the number of Registrable Securities to be underwritten, the Company may include securities for its own account (or for the account of any other Persons) in such registration if the underwriter so agrees and if the number of Registrable Securities would not thereby be limited.

(c) Effective Registration. The Company shall be deemed to have effected a Demand Registration if the Registration Statement pursuant to such registration is declared effective by the SEC and remains effective for not less than one hundred eighty (180) days (or such shorter period as will terminate when all Registrable Securities covered by such Registration Statement have been sold or withdrawn), or, if such Registration Statement relates to an underwritten offering, such longer period as, in the opinion of counsel for the underwriters, a prospectus is required by Law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer (the applicable period, the "Demand Period"). No Demand Registration shall be deemed to have been effected if (i) during the Demand Period such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court or (ii) the conditions specified in the underwriting agreement, if any, entered into in connection with such registration are not satisfied other than by reason of a wrongful act, misrepresentation or breach of such applicable underwriting agreement by a participating Holder.

(d) Restrictions on Registration. Notwithstanding the rights and obligations set forth in Section 3.1 and 3.2, in no event shall the Company be obligated to take any action to effect any Demand Registration:

(i) at the request of any Executive / Read Trust Initiating Holder until the one-year anniversary of an initial Public Offering;

(ii) at the request of the Executive / Read Trust Initiating Holders after the Company has effected three (3) Demand Registrations at the request of the Executive / Read Trust Initiating Holders (collectively) (including any Underwritten Shelf Take-Downs); and

(iii) in no event shall the Company be obligated to take any action to effect more than four (4) Demand Registrations (not including any Underwritten Shelf Take-Down that is not a Marketed Underwritten Shelf Take-Down) in any twelve (12) month period.

3.3 Piggyback Registration.

(a) If at any time or from time to time the Company shall determine to register any of its equity securities, either for its own account or for the account of security holders of the Company, under the 1933 Act in connection with the public offering of such securities solely for cash (other than (1) in a registration relating solely to employee benefit plans, (2) a Registration Statement on Form S-4 or S-8 (or such other similar successor forms then in effect under the 1933 Act) or any other form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, (3) a registration pursuant to which the Company is offering to exchange its own securities for other securities, (4) a Registration Statement relating solely to dividend reinvestment or similar plans, (5) a Shelf Registration Statement pursuant to which only the initial purchasers and subsequent transferees of debt securities or preferred stock of the Company or any

Subsidiary that are convertible or exchangeable for IPO Entity Shares and that are initially issued pursuant to Rule 144A and/or Regulation S (or any successor provision) of the 1933 Act may resell such notes or preferred stock and sell the IPO Entity Shares into which such notes or preferred stock may be converted or exchanged or (6) a registration pursuant to Section 3.1 or Section 3.2), the Company will:

(i) promptly (but in no event less than fifteen (15) days before the effective date of the relevant Registration Statement) give to each Holder written notice thereof; and

(ii) include in such registration (and any related qualification under state securities laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests made within five (5) days after receipt of such written notice from the Company by any Holder or Holders, except as set forth in Section 3.3(b).

Notwithstanding the foregoing, this Section 3.3 shall not apply in respect of any Holder prior to the one-year anniversary of an initial Public Offering, unless (x) one or more of the H&F Stockholders elect to participate in such registration or (y) the H&F Stockholders, in their sole discretion, elect by written notice to the Company for this Section 3.3 to apply to the Registrable Securities of any one or more other Holders specified in such notice.

(b) Underwriting. Subject to the last sentence of Section 3.3(a), if the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 3.3(a)(i). In such event, the right of any Holder to registration pursuant to this Section 3.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to dispose of their Registrable Securities through such underwriting, together with the Company and the other parties distributing their securities through such underwriting, shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Section 3.3, if the underwriters shall advise the Company that marketing factors (including, without limitation, an adverse effect on the per share offering price) require a limitation of the number of shares to be underwritten, then the Company may limit the number of Registrable Securities to be included in the registration and underwriting, subject to the terms of this Section 3.3. The Company shall so advise all Holders of Registrable Securities that have requested to participate in such offering, and the number of shares of Registrable Securities that may be included in the registration and underwriting shall be allocated in the following manner: first, to the Company and second, to the Holders on a pro rata basis based on the total number of Registrable Securities held by the Holders; *provided*, that any Registrable Securities thereby allocated to a Holder that exceed such Holder's request shall be reallocated among the remaining requesting Holders in like manner. No such reduction shall (i) reduce the securities being offered by the Company for its own account to be included in the registration and underwriting, or (ii) reduce the amount of securities of the selling Holders included in the

registration below twenty-five percent (25%) of the total amount of securities included in such registration, unless such offering does not include shares of any other selling security holders, in which event any or all of the Registrable Securities of the Holders may be excluded in accordance with the immediately preceding sentence. No securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration.

(c) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 3.3 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

3.4 Expenses of Registration. All Registration Expenses incurred in connection with all registrations effected pursuant to Section 3.1, Section 3.2 or Section 3.3 shall be borne by the Company; *provided*, *however*, that the Company shall not be required to pay stock transfer taxes or underwriters' discounts or selling commissions relating to Registrable Securities.

3.5 Obligations of the Company. Whenever required under this ARTICLE III to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its reasonable best efforts to cause such Registration Statement to become effective, and keep such Registration Statement effective for (x) the lesser of one hundred eighty (180) days or until the Holder or Holders have completed the distribution relating thereto or (y) for such longer period as may be prescribed herein;

(b) prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement as may be necessary to keep such Registration Statement effective and to comply with the provisions of the 1933 Act with respect to the disposition of all securities covered by such Registration Statement in accordance with the intended methods of disposition by sellers thereof set forth in such Registration Statement;

(c) permit any Holder that (in the good faith reasonable judgment of such Holder) might be deemed to be a controlling person of the Company to participate in good faith in the preparation of such Registration Statement and to cooperate in good faith to include therein material, furnished to the Company in writing, that in the reasonable judgment of such Holder and its counsel should be included;

(d) furnish to the Holders such numbers of copies of the Registration Statement and the related Prospectus, including all exhibits thereto and documents incorporated by reference therein and a preliminary prospectus, in conformity with the requirements of the 1933 Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering;

(f) notify each Holder of Registrable Securities covered by such Registration Statement as soon as reasonably possible after notice thereof is received by the Company of any written comments by the SEC or any request by the SEC or any other federal or state governmental authority for amendments or supplements to such Registration Statement or such prospectus or for additional information;

(g) notify each Holder of Registrable Securities covered by such Registration Statement, at any time when a prospectus relating thereto is required to be delivered under the 1933 Act, of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(h) notify each Holder of Registrable Securities covered by such Registration Statement as soon as reasonably practicable after notice thereof is received by the Company of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order by the SEC or any other regulatory authority preventing or suspending the use of any preliminary or final prospectus or the initiation or threatening of any proceedings for such purposes, or any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(i) use its reasonable best efforts to prevent the issuance of any stop order suspending the effectiveness of any Registration Statement or of any order preventing or suspending the use of any preliminary or final prospectus and, if any such order is issued, to obtain the withdrawal of any such order as soon as practicable;

(j) make available for inspection by each Holder including Registrable Securities in such registration, any underwriter participating in any distribution pursuant to such registration, and any attorney, accountant or other agent retained by such Holder or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, as such parties may reasonably request, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney, accountant or agent in connection with such Registration Statement;

(k) use its reasonable best efforts to register or qualify, and cooperate with the Holders of Registrable Securities covered by such Registration Statement, the underwriters, if any, and their respective counsel, in connection with the registration or qualification of such Registrable Securities for offer and sale under "blue sky" or securities laws of each state and other jurisdiction of the United States as any such Holder or underwriters, if any, or their respective counsel reasonably request in writing, and do

any and all other things reasonably necessary or advisable to keep such registration or qualification in effect for such period as required by Section 3.1(b) and Section 3.2(c), as applicable; *provided* that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or take any action which would subject it to taxation service of process in any such jurisdiction where it is not then so subject;

(l) obtain for delivery to the Holders of Registrable Securities covered by such Registration Statement and to the underwriters, if any, an opinion or opinions from counsel for the Company, dated the effective date of the Registration Statement or, in the event of an underwritten offering, the date of the closing under the underwriting agreement, in customary form, scope and substance, which opinions shall be reasonably satisfactory to such holders or underwriters, as the case may be, and their respective counsel;

(m) in the case of an underwritten offering, obtain for delivery to the Company and the underwriters, with copies to the Holders of Registrable Securities included in such registration, a cold comfort letter from the Company's independent certified public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters as the managing underwriter or underwriters reasonably request, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

(n) use its reasonable best efforts to list the Registrable Securities that is Common Stock covered by such Registration Statement with any securities exchange or automated quotation system on which the Common Stock is then listed;

(o) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;

(p) cooperate with Holders including Registrable Securities in such registration and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, such certificates to be in such denominations and registered in such names as such Holders or the managing underwriters may request at least two (2) business days prior to any sale of Registrable Securities;

(q) use its reasonable best efforts to comply with all applicable securities laws and make available to its Holders, as soon as reasonably practicable, an earnings statement satisfying the provisions of Section 11(a) of the 1933 Act and the rules and regulations promulgated thereunder; and

(r) in the case of an underwritten offering, cause the senior executive officers of the Company to participate in the customary "road show" presentations that may be reasonably requested by the underwriters and otherwise to facilitate, cooperate with and participate in each proposed offering contemplated herein and customary selling efforts related thereto.

3.6 Indemnification.

(a) The Company will, and does hereby undertake to, indemnify and hold harmless each Holder of Registrable Securities and each of such Holder's officers, directors, trustees, employees, partners, managers, members, stockholders, beneficiaries, affiliates and agents and each Person, if any, who controls such Holder, within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, with respect to any registration, qualification, compliance or sale effected pursuant to this ARTICLE III, and each underwriter, if any, and each Person who controls any underwriter, of the Registrable Securities held by or issuable to such Holder, against all claims, losses, damages and liabilities (or actions in respect thereto) to which they may become subject under the 1933 Act, the 1934 Act, or other federal or state law arising out of or based on (A) any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular, free writing prospectus or other similar document (including any related Registration Statement, notification, or the like) incident to any such registration, qualification, compliance or sale effected pursuant to this ARTICLE III, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, (B) any violation or alleged violation by the Company of any federal, state or common law rule or regulation applicable to the Company in connection with any such registration, qualification, compliance or sale, or (C) any failure to register or qualify Registrable Securities in any state where the Company or its agents have affirmatively undertaken or agreed in writing (including pursuant to Section 3.5(k)) that the Company (the undertaking of any underwriter being attributed to the Company) will undertake such registration or qualification on behalf of the Holders of such Registrable Securities (*provided* that in such instance the Company shall not be so liable if it has undertaken its reasonable best efforts to so register or qualify such Registrable Securities) and will reimburse, as incurred, each such Holder, each such underwriter and each such director, officer, trustee, employee, partner, manager, member, stockholder, beneficiary, affiliate, agent and controlling person, for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action; *provided* that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by such Holder or underwriter expressly for use therein.

(b) Each Holder (if Registrable Securities held by or issuable to such Holder are included in such registration, qualification, compliance or sale pursuant to this ARTICLE III) does hereby undertake to indemnify and hold harmless the Company, each of its officers, directors, employees, stockholders, affiliates and agents and each Person, if any, who controls the Company within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, each underwriter, if any, and each Person who controls any underwriter, of the Company's securities covered by such a Registration

Statement, and each other Holder, each of such other Holder's officers, directors, employees, partners, stockholders, affiliates and agents and each Person, if any, who controls such Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such Registration Statement, prospectus, offering circular, free writing prospectus or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, and will reimburse, as incurred, the Company, each such underwriter, each such other Holder, and each such officer, director, trustee, employee, partner, stockholder, beneficiary, affiliate, agent and controlling person of the foregoing, for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) was made in such Registration Statement, prospectus, offering circular, free writing prospectus or other document, in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for use therein; *provided*, *however*, that the aggregate liability of each Holder hereunder shall be limited to the gross proceeds after underwriting discounts and commissions received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation. It is understood and agreed that the indemnification obligations of each Holder pursuant to any underwriting agreement entered into in connection with any Registration Statement shall be limited to the obligations contained in this Section 3.6(b).

(c) Each party entitled to indemnification under this Section 3.6 (the "Indemnified Party") shall give notice to the party required to provide such indemnification (the "Indemnifying Party") of any claim as to which indemnification may be sought promptly after such Indemnified Party has actual knowledge thereof, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; *provided* that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be subject to approval by the Indemnified Party (whose approval shall not be unreasonably withheld) and the Indemnified Party may participate in such defense at the Indemnifying Party's expense if representation of such Indemnified Party would be inappropriate due to actual or potential differing interests between such Indemnified Party and any other party represented by such counsel in such proceeding; and *provided further* that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this ARTICLE III, except to the extent that such failure to give notice materially prejudices the Indemnifying Party in the defense of any such claim or any such litigation. An Indemnifying Party, in the defense of any such claim or litigation, may, without the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that (i) includes as a term thereof the giving by the claimant or plaintiff therein to such Indemnified Party of an unconditional release from all liability with respect to such claim or litigation and (ii) does not include any recovery (including a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such Indemnified Party) other than monetary damages, and provided that any sums payable in connection with such settlement are paid in full by the Indemnifying Party.

(d) In order to provide for just and equitable contribution in case indemnification is prohibited or limited by law, the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and such Indemnified Party's relative intent, knowledge, access to information and opportunity to correct or prevent such actions; *provided*, *however*, that, in any case, (i) no Holder will be required to contribute any amount in excess of the gross proceeds after underwriting discounts and commissions received by such Holder upon the sale of the Registrable Securities giving rise to such contribution obligation and (ii) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) The indemnities provided in this Section 3.6 shall survive the transfer of any Registrable Securities by such Holder.

3.7 Information by Holder. The Holder or Holders of Registrable Securities included in any registration shall furnish to the Company such information regarding such Holder or Holders and the distribution proposed by such Holder or Holders as the Company may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this ARTICLE III.

3.8 Transfer of Registration Rights. The rights contained in this ARTICLE III with respect to the registration of the Registrable Securities may be assigned or otherwise conveyed by a Holder pursuant to a transfer permitted under ARTICLE II.

3.9 Delay of Registration. No Holder shall have any right to obtain, and hereby waives any right to seek, an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this ARTICLE III.

3.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the H&F Stockholders, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder to (i) require the Company to effect a registration or (ii) include any securities in any registration filed under Section 3.1, Section 3.2 or

Section 3.3, unless, in each case, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not diminish the amount of Registrable Securities to be sold or proposed to be sold by the H&F Stockholders in such registration.

3.11 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC that may permit the sale of the Registrable Securities to the public without registration, the Company, following an initial Public Offering, agrees to use its reasonable best efforts to:

(a) make and keep current public information available, within the meaning of Rule 144 (or any similar or analogous rule) promulgated under the 1933 Act, at all times after it has become subject to the reporting requirements of the 1934 Act;

(b) file with the SEC, in a timely manner, all reports and other documents required of the Company under the 1933 Act and 1934 Act (after it has become subject to such reporting requirements); and

(c) so long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of said Rule 144 (at any time commencing ninety (90) days after the effective date of the first registration filed by the Company for an offering of its securities to the general public), the 1933 Act and the 1934 Act (at any time after it has become subject to such reporting requirements); a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

3.12 "Market Stand Off" Agreement.

(a) The Company and each Holder hereby agrees, and the Company agrees to cause its and Opco's directors and executive officers to agree that:

(i) during the period beginning seven (7) days before the effective date of a Registration Statement of the Company filed in connection with an initial Public Offering, and ending not more than one hundred eighty (180) days (subject to any extension as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (x) the publication or other distribution of research reports and (y) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto) thereafter, or such other period as the H&F Stockholders may agree to with the underwriter or underwriters of such underwritten offering (the "IPO Lock-Up Period"); and

(ii) only with respect to underwritten offerings following an initial Public Offering, (x) during the period beginning seven (7) days before the effective date of a Registration Statement of the Company filed under the 1933 Act in connection with such underwritten offering or (y) in the case of an Underwritten Shelf Take-Down off of

a Registration Statement filed not in connection with such underwritten offering, during the period from and after the date of the filing, or after the date of effectiveness of, a preliminary prospectus or prospectus supplement relating to such offering (or if there is no such filing, from and after the first contemporaneous press release announcing commencement of such Underwritten Shelf Take-Down), and ending on such date thereafter as the Initiating Holder that has initiated such Underwritten Shelf Take-Down may agree to with the underwriter or underwriters of such underwritten offering (which period shall in no event exceed ninety (90) days, subject to any extension as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (x) the publication or other distribution of research reports and (y) analyst recommendations and opinions, including but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), the Company, each such Holder, and the Company's and Opco's directors and executive officers, shall not, to the extent requested by the Company and/or any underwriter, sell, pledge, hypothecate, transfer, make any short sale of, loan, grant any option or right to purchase of, or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any Shares held by it at any time during such period, except Shares included in such registration (a "Lock-Up Restriction"). The Company and each Holder shall, and the Company agrees to cause its and Opco's directors and executive officers to, deliver to the underwriter or underwriters of any offering to which clause (i) or (ii) is applicable a customary agreement reflecting its agreement set forth in this Section 3.12; *provided*, that notwithstanding anything in this Section 3.12 to the contrary, from and after the two-year anniversary of an initial Public Offering, in no event shall any Holder (other than the Company's and Opco's directors and executive officers) be obligated to comply with this Section 3.12 unless, and only to the extent that, such Holder is participating in the applicable underwritten offering.

(b) Notwithstanding anything in Section 3.12 to the contrary, (i) no H&F Stockholder or Executive / Read Trust Stockholder shall be subject to any Lock-Up Restrictions for longer duration than that applicable to any other Holder that is participating in the applicable underwritten offering and (ii) if any Holder that is participating in the applicable underwritten offering is released from its Lock-Up Restrictions, the H&F Stockholders and Executive / Read Trust Stockholders shall be simultaneously released, on a pro rata basis, from such Lock-Up Restrictions (it being understood and agreed that the Company and each Holder initially released from its Lock-Up Restrictions must notify in writing the H&F Stockholders and Executive / Read Trust Stockholders as soon as reasonably practicable in advance thereof).

3.13 Termination of Registration Rights. The rights of any particular Holder to cause the Company to register securities under Section 3.1, Section 3.2 and Section 3.3 shall terminate as to any Holder on the date such Holder, together with its, his or her Permitted Transferees (if such Holder is an Employee Stockholder) or its Permitted Transferees and Affiliates (with respect to any other Holder), no longer beneficially owns any Registrable Securities.

ARTICLE IV

INDEMNIFICATION AND REIMBURSEMENT

4.1 Indemnification of H&F Stockholders.

(a) Each of the Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco will, and will cause their respective Subsidiaries and each other Intermediate Holding Company to, jointly and severally, indemnify, exonerate and hold the H&F Stockholders and each of their respective partners, stockholders, members, Affiliates, directors, officers, fiduciaries, managers, controlling Persons, employees and agents and each of the partners, stockholders, members, Affiliates, directors, officers, fiduciaries, managers, controlling Persons, employees and agents of each of the foregoing (collectively, the "Indemnitees") free and harmless from and against any and all liabilities, losses, damages and costs and out-of-pocket expenses in connection therewith (including reasonable attorneys' fees and expenses) incurred by the Indemnitees or any of them before or after the date of this Agreement (collectively, the "Indemnified Liabilities"), arising out of any action, cause of action, suit, litigation, investigation, inquiry, arbitration or claim (each, an "Action") arising directly or indirectly out of, or in any way relating to, (i) such H&F Stockholder's or its Affiliates' ownership of Securities or such H&F Stockholder's or its Affiliates' control or ability to influence the Company or any of its Subsidiaries (other than any such Indemnified Liabilities (x) to the extent such Indemnified Liabilities arise out of any breach of this Agreement, any other agreement by such Indemnitee or its Affiliates or other related Persons or the breach of any fiduciary or other duty or obligation of such Indemnitee to its direct or indirect equity holders, creditors or Affiliates or (y) to the extent such control or the ability to control the Company or any of its Subsidiaries derives from such Stockholder's or its Affiliates' capacity as an officer or director of the Company or any of its Subsidiaries) or (ii) the business, operations, properties, assets or other rights or liabilities of the Company or any of its Subsidiaries; *provided, however* that if and to the extent that the foregoing undertaking may be unavailable or unenforceable for any reason, the Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco will, and will cause their respective Subsidiaries and each other Intermediate Holding Company to, jointly and severally make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable law. For the purposes of this Section 4.1, none of the circumstances described in the limitations contained in the immediately preceding sentence shall be deemed to apply absent a final non-appealable judgment of a court of competent jurisdiction to such effect, in which case to the extent any such limitation is so determined to apply to any Indemnitee as to any previously advanced indemnity payments made by the Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco, then such payments shall be promptly repaid by such Indemnitee to the Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco.

(b) The Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco will, and will cause their respective Subsidiaries and each Intermediate Holding Company to, jointly and severally, reimburse any Indemnitee for all reasonable costs and expenses (including reasonable attorneys' fees and expenses and any other litigation-related expenses) as they are incurred in connection with investigating, preparing, pursuing, defending or assisting in the defense of any Action for which the Indemnitee would be entitled to indemnification under the terms of this ARTICLE IV, or any action

or proceeding arising therefrom, whether or not such Indemnitee is a party thereto. The Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco or their respective Subsidiaries and Intermediate Holding Companies, in the defense of any Action for which an Indemnitee would be entitled to indemnification under the terms of this ARTICLE IV, may, without the consent of such Indemnitee, consent to entry of any judgment or enter into any settlement if and only if it (i) includes as a term thereof the giving by the claimant or plaintiff therein to such Indemnitee of an unconditional release from all liability with respect to such Action, (ii) does not impose any limitations (equitable or otherwise) on such Indemnitee, and (iii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such Indemnitee, and provided that the only penalty imposed in connection with such settlement is a monetary payment that will be paid in full by the Company, Globe Intermediate, GOBP Holdings, GOBP Midco or Opco or their respective Subsidiaries or Intermediate Holding Companies.

(c) The Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco acknowledge and agree that the Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco shall, and to the extent applicable shall cause the Controlled Entities to, be fully and primarily responsible for the payment to the Indemnitee in respect of Indemnified Liabilities in connection with any Jointly Indemnifiable Claims (as defined below), pursuant to and in accordance with (as applicable) the terms of (i) the Delaware General Corporation Law, as amended, (ii) the certificate of incorporation or similar organizational documents, as amended, of the Company, Globe Intermediate, GOBP Holdings, GOBP Midco or Opco, (iii) the bylaws or similar organizational documents, as amended, of the Company, Globe Intermediate, GOBP Holdings, GOBP Midco or Opco, (iv) any director or officer indemnification agreement, (v) this Agreement, (vi) any other agreement between the Company, Globe Intermediate, GOBP Holdings, GOBP Midco, Opco or any Controlled Entity and the Indemnitee pursuant to which the Indemnitee is indemnified, (vii) the laws of the jurisdiction of incorporation or organization of any Controlled Entity and/or (viii) the certificate of incorporation, certificate of organization, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any Controlled Entity (clauses (i) through (viii), collectively, the "Indemnification Sources"), irrespective of any right of recovery the Indemnitee may have from any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Company, Globe Intermediate, GOBP Holdings, GOBP Midco, Opco, any Controlled Entity or the insurer under and pursuant to an insurance policy of the Company, Globe Intermediate, GOBP Holdings, GOBP Midco, Opco or any Controlled Entity) from whom an Indemnitee may be entitled to indemnification with respect to which, in whole or in part, the Company, Globe Intermediate, GOBP Holdings, GOBP Midco, Opco or any Controlled Entity may also have an indemnification obligation (collectively, the "Indemnitee-Related Entities"). Under no circumstance shall the Company, Globe Intermediate, GOBP Holdings, GOBP Midco, Opco or any Controlled Entity be entitled to any right of subrogation or contribution by the Indemnitee-Related Entities and no right of advancement or recovery the Indemnitee may have from the Indemnitee-Related Entities shall reduce or otherwise alter the rights of the Indemnitee or the obligations of the Company, Globe Intermediate,

GOBP Holdings, GOBP Midco, Opco or any Controlled Entity under the Indemnification Sources. In the event that any of the Indemnitee-Related Entities shall make any payment to the Indemnitee in respect of indemnification with respect to any Jointly Indemnifiable Claim, (x) the Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco shall, and to the extent applicable shall cause the Controlled Entities to, reimburse the Indemnitee-Related Entity making such payment to the extent of such payment promptly upon written demand from such Indemnitee-Related Entity, (y) to the extent not previously and fully reimbursed by the Company, Globe Intermediate, GOBP Holdings, GOBP Midco, Opco and/or any Controlled Entity pursuant to clause (x), the Indemnitee-Related Entity making such payment shall be subrogated to the extent of the outstanding balance of such payment to all of the rights of recovery of the Indemnitee against the Company, Globe Intermediate, GOBP Holdings, GOBP Midco, Opco and/or any Controlled Entity, as applicable, and (z) Indemnitee shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such rights, including the execution of such documents as may be necessary to enable the Indemnitee-Related Entities effectively to bring suit to enforce such rights. The Company, Globe Intermediate, GOBP Holdings, GOBP Midco, Opco and Indemnitees agree that each of the Indemnitee-Related Entities shall be third-party beneficiaries with respect to this Section 4.1(c), entitled to enforce this Section 4.1(c) as though each such Indemnitee-Related Entity were a party to this Agreement. The Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco shall cause each of the Controlled Entities to perform the terms and obligations of this Section 4.1(c) as though each such Controlled Entity was a party to this Agreement. For purposes of this Section 4.1(c), the term "Jointly Indemnifiable Claims" shall be broadly construed and shall include, without limitation, any Indemnified Liabilities for which the Indemnitee shall be entitled to indemnification from both (1) the Company, Globe Intermediate, GOBP Holdings, GOBP Midco, Opco and/or any Controlled Entity pursuant to the Indemnification Sources, on the one hand, and (2) any Indemnitee-Related Entity pursuant to any other agreement between any Indemnitee-Related Entity and the Indemnitee pursuant to which the Indemnitee is indemnified, the laws of the jurisdiction of incorporation or organization of any Indemnitee-Related Entity and/or the certificate of incorporation, certificate of organization, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any Indemnitee-Related Entity, on the other hand.

(d) The rights of any Indemnitee to indemnification pursuant to this Section 4.1 will be in addition to any other rights any such Person may have under any other Section of this Agreement or any other agreement or instrument to which such Indemnitee is or becomes a party or is or otherwise becomes a beneficiary or under law or regulation or under the certificate of incorporation or bylaws of the Company, any newly formed direct or indirect parent or any direct or indirect Subsidiary or investment holding vehicle with respect to any of the foregoing.

(e) The Company shall obtain and maintain in effect at all times directors' and officers' liability insurance reasonably satisfactory to the H&F Stockholders.

4.2 Reimbursement of Expenses.

(a) The Company, Globe Intermediate, GOBP Holdings, GOBP Midco and Opco jointly and severally will pay directly or reimburse, or cause to be paid directly or reimbursed, the actual and reasonable out-of-pocket costs and expenses incurred by the H&F Stockholders and their respective Affiliates in connection with the monitoring and/or overseeing of their investment in the Company, including (i) reasonable out-of-pocket expenses incurred by directors designated by the H&F Stockholders hereunder in connection with such directors' board service (including travel), (ii) fees and actual and reasonable out-of-pocket disbursements of any independent professionals and organizations, including independent accountants, outside legal counsel or consultants retained by such H&F Stockholders or any of their Affiliates, (iii) reasonable costs of any outside services or independent contractors such as financial printers, couriers, business publications, on-line financial services or similar services, retained or used by such H&F Stockholders or any of their respective Affiliates and (iv) transportation, word processing expenses or any similar expense not associated with their or their Affiliates' ordinary operations.

(b) All payments or reimbursement for such costs and expenses pursuant to this Section 4.2 will be made by wire transfer in same-day funds to the bank account designated by such H&F Stockholder or its relevant Affiliate promptly upon or as soon as practicable following request for reimbursement; *provided, however*, that such H&F Stockholder or Affiliate has provided the Company with such supporting documentation reasonably requested by the Company.

ARTICLE V

MISCELLANEOUS

5.1 Appointment of Proxies. Each of the Management Stockholders hereby appoints Eric J. Lindberg (for so long as he is serving as the Chief Executive Officer) and if Eric J. Lindberg is not serving as Chief Executive Officer, the Chief Executive Officer from time to time thereafter (the "Management Proxy"), each of the Executive Stockholders that is a Permitted Transferee of Eric J. Lindberg (the "Lindberg Stockholders") hereby appoints Eric J. Lindberg (the "Lindberg Proxy") until changed as provided herein, each of the Executive Stockholders that is a Permitted Transferee of Steven MacGregor Read, Jr. (the "Read Stockholders") until changed as provided herein hereby appoints Steven MacGregor Read, Jr. (the "Read Proxy") until changed as provided herein and each of the Other Stockholders hereby appoints H&F Globe Investor L.P. (the "Other Stockholder Proxy") until changed as provided herein, in each case as the agent, proxy, and attorney-in-fact in connection with this Agreement and the actions contemplated herein for the Management Stockholders, Lindberg Stockholders, Read Stockholders and Other Stockholders, respectively, in each case with full power of substitution and re-substitution (including, without limitation, full power and authority to act on the Management Stockholders', Lindberg Stockholders', Read Stockholders' and Other Stockholders' behalf, respectively in connection with this Agreement and the actions contemplated herein) to take any action, should a Management Proxy, Lindberg Proxy, Read Proxy or the Other Stockholder Proxy, respectively, elect to do so in his or its sole discretion

to execute and deliver on behalf of the Management Stockholders, Read Stockholders, Lindberg Stockholders or Other Stockholders, respectively, any amendment to this Agreement so long as such amendments shall apply equally to all Management Stockholders, Lindberg Stockholders, Read Stockholders or Other Stockholders. Each of the Management Stockholders hereby agrees not to assert any claim against, and agrees to indemnify and hold harmless, each Management Proxy from and against any and all losses incurred by such Management Proxy or any of his Affiliates, partners, employees, agents, investment bankers or representatives, or any Affiliate of any of the foregoing, relating to such Management Proxy's capacity as a Management Proxy other than such claims or losses resulting from a Management Proxy's willful misconduct. Each of the Lindberg Stockholders hereby agrees not to assert any claim against, and agrees to indemnify and hold harmless, each Lindberg Proxy from and against any and all losses incurred by such Lindberg Proxy or any of his Affiliates, partners, employees, agents, investment bankers or representatives, or any Affiliate of any of the foregoing, relating to such Lindberg Proxy's capacity as a Lindberg Proxy other than such claims or losses resulting from a Lindberg Proxy's willful misconduct. Each of the Read Stockholders hereby agrees not to assert any claim against, and agrees to indemnify and hold harmless, each Read Proxy from and against any and all losses incurred by such Read Proxy or any of his Affiliates, partners, employees, agents, investment bankers or representatives, or any Affiliate of any of the foregoing, relating to such Read Proxy's capacity as a Read Proxy other than such claims or losses resulting from a Read Proxy's willful misconduct. Each of the Other Stockholders hereby agrees not to assert any claim against, and agrees to indemnify and hold harmless, the Other Stockholder Proxy from and against any and all losses incurred by the Other Stockholder Proxy or any of its Affiliates, partners, employees, agents, investment bankers or representatives, or any Affiliate of any of the foregoing, relating to the Other Stockholder Proxy's capacity as the Other Stockholder Proxy other than such claims or losses resulting from the Other Stockholder Proxy's gross negligence or willful misconduct. By execution hereof, Eric J. Lindberg hereby agrees to act as Management Proxy until such time as he is no longer serving as the Chief Executive Officer of the Company. By execution hereof, Eric J. Lindberg agrees to act as the Lindberg Proxy until such time as a new Lindberg Proxy is elected by the majority in interest of the Lindberg Stockholders. By execution hereof, Steven MacGregor Read, Jr. agrees to act as the Read Proxy until such time as a new Read Proxy is elected by the majority in interest of the Read Stockholders. By execution hereof, H&F Globe Investor L.P. hereby agrees to act as Other Stockholder Proxy until such time as H&F Globe Investor L.P. resigns from such position. Upon such resignation of H&F Globe Investor L.P., the Other Stockholders representing a majority in interest of the Other Stockholders shall appoint a new Other Stockholder Proxy.

5.2 Remedies. Subject to Section 3.9, the parties to this Agreement acknowledge and agree that the covenants of the Company and the Stockholders set forth in this Agreement may be enforced in equity by a decree requiring specific performance. In the event of a breach of any material provision of this Agreement, the aggrieved party will be entitled to institute and prosecute a proceeding to enforce specific performance of such provision, as well as to obtain damages for breach of this Agreement. Without limiting the foregoing, if any dispute arises concerning the Transfer of any of the Shares subject to this Agreement or concerning any other provisions hereof or the obligations of the parties hereunder, the parties to this Agreement agree that an injunction may be issued in connection therewith (including, without limitation, restraining the Transfer of such Shares or rescinding any such Transfer). Such remedies shall be cumulative and non-exclusive and shall be in addition to any other rights and remedies the parties may have under this Agreement or otherwise.

5.3 Entire Agreement; Amendment; Waiver. This Agreement, together with the Exhibits hereto and the Subscription Agreements, sets forth the entire understanding of the parties, and as of the date hereof supersedes all prior agreements and all other arrangements and communications, whether oral or written, with respect to the subject matter hereof and thereof. The Exhibits may be amended to reflect changes in the composition of the Stockholders as a result of Permitted Transfers, Transfers permitted under ARTICLE II, exercise of Options, or additional Stockholders due to issuances of additional securities by the Company or its Subsidiaries. Amendments to the Exhibits reflecting Permitted Transfers or Transfers permitted under ARTICLE II or to reflect additional Stockholders due to issuances of additional securities by the Company pursuant to Section 5.13 or the exercise of Options shall become effective when a Joinder Agreement as executed by any new transferee or recipient of newly issued securities of the Company or its Subsidiaries is filed with the Company as provided for in Section 5.13. Any other amendments, modifications, supplements, restatements to or waivers of, or the termination of, this Agreement shall require H&F Consent; *provided*, that (a) any such amendment, modification, supplement, restatement, waiver or termination which would have a disproportionate adverse effect on the Executive Stockholders as compared to the effect on the H&F Stockholders shall require the written consent of Executive Stockholders holding a majority of the Shares held by the Executive Stockholders, (b) any such amendment, modification, supplement, restatement, waiver or termination which would have a disproportionate adverse effect on the Management Stockholders as compared to the effect on the H&F Stockholders shall require the written consent of Management Stockholders holding a majority of the Shares held by the Management Stockholders and (c) any such amendment, modification, supplement, restatement, waiver or termination which would have a disproportionate adverse effect on the Read Trust Rollover Stockholders as compared to the effect on the H&F Stockholders shall require the written consent of Read Trust Rollover Stockholders holding a majority of the Shares held by the Read Trust Rollover Stockholders. Without limiting the generality of the foregoing, without the Executive Stockholder Consent, no material amendment may be made to the provisions of Section 2.2, Section 3.1 or Section 3.2 which grant rights to any Executive Stockholder. Notwithstanding any provisions to the contrary contained herein, any party may waive any rights with respect to which such party is entitled to benefits under this Agreement. No waiver of or consent to any departure from any provision of this Agreement shall be effective unless signed in writing by the party entitled to the benefit thereof.

5.4 Severability. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, the invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if the invalid or unenforceable provision were omitted. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so more narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

5.5 Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered in the manner specified herein or, in the absence of such specification, shall be deemed to have been duly given (i) seven (7) days after mailing by certified mail, (ii) when delivered by hand, (iii) upon confirmation of receipt by facsimile or email, or (iv) one (1) business day after sending by overnight delivery service, to the respective addresses of the parties set forth below:

(a) For notices and communications to the Company, to:

Grocery Outlet Holding Corp.
c/o Grocery Outlet, Inc.
5650 Hollis Street
Emeryville, CA 94608
Attention: Pamela B. Burke, General Counsel Facsimile: (510) 644-9994

with a copy to (which shall not constitute actual or constructive notice):

Hellman & Friedman LLC
415 Mission Street, Suite 5700
San Francisco, CA 94105
Attention: Erik Ragatz and Arrie Park
Facsimile: (415) 788-0176

and a further copy to (which shall not constitute actual or constructive notice):

Simpson Thacher & Bartlett LLP
2475 Hanover Street
Palo Alto, CA 94304
Attention: William Brentani
Facsimile: (650) 251-5002

(b) for notices and communications to the H&F Stockholders, to their respective addresses set forth in Exhibit A, with a copy to (which shall not constitute actual or constructive notice):

Simpson Thacher & Bartlett LLP
2475 Hanover Street
Palo Alto, CA 94304
Attention: William Brentani
Facsimile: (650) 251-5002

for notices and communications to the Executive Stockholders, Management Stockholders, or Other Stockholders; to their respective addresses set forth in Exhibit A.

By notice complying with the foregoing provisions of this Section 5.5, each party shall have the right to change the mailing address or facsimile number for future notices and communications to such party.

5.6 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective transferees, successors and assigns; *provided*, *however*, that no right or obligation under this Agreement may be assigned except as expressly provided herein (including in connection with a Transfer of Shares in accordance herewith), it being understood that (i) the Company's rights hereunder may be assigned by the Company to any corporation which is the surviving entity in a merger, consolidation or like event involving the Company, and (ii) the rights of the H&F Stockholders, Employee Stockholders and Read Trust Rollover Stockholders shall be automatically assigned with respect to any Registrable Security that is Transferred to a Permitted Transferee thereof; *provided* that such Permitted Transferee executes a counterpart to this Agreement and becomes bound to the provisions hereof.

5.7 Governing Law. All matters relating to the interpretation, construction, validity and enforcement of this Agreement, including all claims (whether in contract or tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement, shall be governed by and construed in accordance with the domestic laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than the State of Delaware.

5.8 Termination. Without affecting any other provision of this Agreement requiring termination of any rights in favor of any Stockholder or any transferee of Shares, the provisions of ARTICLE II (other than Section 2.1, 2.2(a) and Section 2.3) shall terminate as to such Stockholder or transferee, when, pursuant to and in accordance with this Agreement, such Stockholder or transferee, as the case may be, no longer owns any Shares; *provided*, that termination pursuant to this Section 5.8 shall only occur in respect of a Stockholder after all Permitted Transferees in respect thereof also no longer own any Shares.

5.9 Recapitalizations, Exchanges, Etc. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to Shares, to any and all shares of capital stock of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or in substitution of the Shares, by reason of a stock dividend, stock split, stock issuance, reverse stock split, combination, recapitalization, reclassification, merger, consolidation or otherwise.

5.10 Action Necessary to Effectuate the Agreement. The parties hereto agree to take or cause to be taken all such corporate and other action as may be reasonably necessary to effect the intent and purposes of this Agreement.

5.11 Purchase for Investment; Legend on Certificate. Each of the Stockholders acknowledges that all of the Shares held by such Stockholder are being (or have been) acquired for investment and not with a view to the distribution thereof and that no transfer, hypothecation or assignment of such Shares may be made except in compliance with applicable federal and state securities laws.

(a) Unless Section 5.11(b) applies, each certificate (or book entry share) evidencing shares of Common Stock owned by a Stockholder and which are subject to the terms of this Agreement shall bear the following legend, either as an endorsement or stamped or printed, thereon, or in a notice to the Stockholder or Transferee:

"The securities represented by this Certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, offered for sale, pledged or hypothecated in the absence of an effective registration statement as to the securities under said Act or an opinion of counsel reasonably satisfactory to the Company and its counsel that such registration is not required."

"The securities represented by this Certificate are subject to the terms and conditions, including certain restrictions on transfer, of an Amended and Restated Stockholders Agreement, dated as of [•], 2019, as amended and/or restated from time to time, and none of such securities, or any interest therein, shall be transferred, pledged, encumbered or otherwise disposed of except as provided in that Amended and Restated Stockholders Agreement. A copy of the Amended and Restated Stockholders Agreement is on file with the Secretary of the Company and will be mailed to any properly interested person without charge within five (5) business days after receipt of a written request."

(b) Each certificate (or book entry share) evidencing shares of Common Stock owned by a Stockholder issued in a transaction registered under the Securities Act of 1933 and which are subject to the terms of this Agreement shall bear the following legend, either as an endorsement or stamped or printed, thereon, or in a notice to the Stockholder or Transferee:

"The securities represented by this Certificate are subject to the terms and conditions, including certain restrictions on transfer, of an Amended and Restated Stockholders Agreement, dated as of [•], 2019, as amended and/or restated from time to time, and none of such securities, or any interest therein, shall be transferred, pledged, encumbered or otherwise disposed of except as provided

in that Amended and Restated Stockholders Agreement. A copy of the Amended and Restated Stockholders Agreement is on file with the Secretary of the Company and will be mailed to any properly interested person without charge within five (5) business days after receipt of a written request."

All shares shall also bear all legends required by federal and state securities laws. The legends set forth in this Section 5.11 shall be removed at the expense of the Company at the request of a Holder at any time when they have ceased to be applicable (it being understood that the restriction referred to in the second paragraph of Section 5.11(a) and in the legend in Section 5.11(b) shall cease and terminate only when the provisions of ARTICLE II hereof cease to be applicable to any such Shares).

5.12 Effectiveness of Transfers. All Shares Transferred by a Stockholder (other than pursuant to an effective registration statement under the 1933 Act, pursuant to a Rule 144 transaction or pursuant to any distribution of Shares by an H&F Stockholder to its partners, members or other investors after an initial Public Offering) shall, except as otherwise expressly stated herein, be held by the transferee thereof subject to this Agreement. Such transferee shall, except as otherwise expressly stated herein, have all the rights and be subject to all of the obligations of the transferor Stockholder under this Agreement (as though such party had so agreed pursuant to Section 5.13) automatically and without requiring any further act by such transferee or by any parties to this Agreement. Without affecting the preceding sentence, if such transferee is not a Stockholder on the date of such Transfer, then such transferee, as a condition to such Transfer, shall confirm such transferee's obligations hereunder in accordance with Section 5.13. No Transfer of Shares by a Stockholder shall be registered on the Company's books and records, and such Transfer of Shares shall be null and void and not otherwise effective, unless any such Transfer is made in accordance with the terms and conditions of this Agreement, and the Company is hereby authorized by all of the Stockholders to enter appropriate stop transfer notations on its transfer records to give effect to this Agreement.

5.13 Other Stockholders. Subject to the restrictions on Transfers of Shares contained herein, any Person who is not already a Stockholder acquiring Shares from a Stockholder (other than pursuant to an effective registration statement under the 1933 Act, pursuant to a Rule 144 transaction or pursuant to any distribution of Shares by an H&F Stockholder to its partners, members or other investors after an initial Public Offering), shall, on or before the Transfer of such Shares, sign a Joinder Agreement and deliver such agreement to the Company, and shall thereby become a party to this Agreement to be bound hereunder as (i) an H&F Stockholder if a Permitted Transferee (other than the Company, or an Executive Stockholder, Read Trust Rollover Stockholder or Management Stockholder) of an H&F Stockholder, (ii) a Read Trust Rollover Stockholder if a Permitted Transferee (other than the Company or an H&F Stockholder, Executive Stockholder or Management Stockholder) of a Read Trust Rollover Stockholder, (iii) an Executive Stockholder if a Permitted Transferee (other than the Company, or an H&F Stockholder, Read Trust Rollover Stockholder or Management Stockholder) of an Executive Stockholder, (iv) a Management Stockholder if a Permitted Transferee (other than the Company, or an H&F Stockholder, Read Trust Rollover Stockholder or Executive Stockholder) of a Management Stockholder, or (v) an Other Stockholder if such Person (other than the Company, or an H&F Stockholder, Read Trust Rollover Stockholder, Executive Stockholder or Management Stockholder) does not fall within clause (i), (ii), (iii) or (iv) above. Each such additional Stockholder shall be listed on Exhibit A, as amended from time to time.

5.14 Other Business Opportunities(a) .

(a) The parties expressly acknowledge and agree that to the fullest extent permitted by applicable law: (i) each of the H&F Stockholders (including (A) their respective Affiliates, (B) any portfolio company in which they or any of their respective investment fund Affiliates have made a debt or equity investment (and vice versa) or (C) any of their respective limited partners, non-managing members or other similar direct or indirect investors) and the directors of the Company or any of its Subsidiaries appointed by any of the H&F Stockholders has the right to, and shall have no duty (fiduciary, contractual or otherwise) not to, directly or indirectly engage in and possess interests in other business ventures of every type and description, including those engaged in the same or similar business activities or lines of business as the Company or any of its Subsidiaries or deemed to be competing with the Company or any of its Subsidiaries, on its own account, or in partnership with, or as an employee, officer, director or shareholder of any other Person, with no obligation to offer to the Company or any of its Subsidiaries, any Non-H&F Stockholder the right to participate therein; (ii) each of the H&F Stockholders (including (A) their respective Affiliates, (B) any portfolio company in which they or any of their respective investment fund Affiliates have made a debt or equity investment (and vice versa) or (C) any of their respective limited partners, non-managing members or other similar direct or indirect investors) and the directors of the Company appointed by any of the H&F Stockholders may invest in, or provide services to, any Person that directly or indirectly competes with the Company or any of its Subsidiaries; and (iii) in the event that any of the H&F Stockholders (including (A) their respective Affiliates, (B) any portfolio company in which they or any of their respective investment fund Affiliates have made a debt or equity investment (and vice versa) or (C) any of their respective limited partners, non-managing members or other similar direct or indirect investors) or any H&F Director Nominee, respectively, acquires knowledge of a potential transaction or matter that may be a corporate or other business opportunity for the Company or any of its Subsidiaries, such Person shall have no duty (fiduciary, contractual or otherwise) to communicate or present such corporate opportunity to the Company or any of its Subsidiaries or any Non-H&F Stockholder, as the case may be, and, notwithstanding any provision of this Agreement to the contrary, shall not be liable to the Company or any of its Subsidiaries, any Non-H&F Stockholder (or its respective Affiliates) for breach of any duty (fiduciary, contractual or otherwise) by reason of the fact that such Person, directly or indirectly, pursues or acquires such opportunity for itself, directs such opportunity to another Person or does not present such opportunity to the Company or any of its Subsidiaries, any non-H&F Stockholder (or its respective Affiliates). For the avoidance of doubt, the parties acknowledge that this paragraph is intended to disclaim and renounce, to the fullest extent permitted by applicable law, any right of the Company or any of its Subsidiaries with respect to the matters set forth herein, and this paragraph shall be construed to effect such disclaimer and renunciation to the fullest extent permitted by law.

(b) The Company, each of its Subsidiaries and each non-H&F Stockholder hereby, to the fullest extent permitted by applicable law:

(i) confirms that no H&F Stockholder or any of its Affiliates have any duty to the Company or any of its Subsidiaries or to any Non-H&F Stockholder other than the specific covenants and agreements set forth in this Agreement;

(ii) acknowledges and agrees that (A) in the event of any conflict of interest between the Company or any of its Subsidiaries, on the one hand, and any H&F Stockholder or any of its Affiliates, on the other hand, such H&F Stockholder (or any director of the Company appointed by any H&F Stockholder acting in his or her capacity as a director) may act in its best interest and (B) none of the H&F Stockholders or any of their respective Affiliates or any H&F Director Nominee acting in his or her capacity as a director, shall be obligated (1) to reveal to the Company or any of its Subsidiaries confidential information belonging to or relating to the business of such Person or any of its Affiliates or (2) to recommend or take any action in its capacity as a stockholder or director, as the case may be, that prefers the interest of the Company or its Subsidiaries over the interest of such Person; and

(iii) waives any claim or cause of action against any of the H&F Stockholders, any H&F Director Nominee, and any officer, employee, agent or Affiliate of any such Person that may from time to time arise in respect of a breach by any such person of any duty or obligation disclaimed under Section 5.14(b)(i) or Section 5.14(b)(ii).

(c) Each of the parties hereto agrees that the waivers, limitations, acknowledgments and agreements set forth in this Section 5.14 shall not apply to any alleged claim or cause of action against any H&F Stockholder based upon the breach or nonperformance by such H&F Stockholder of this Agreement or any other agreement to which such Person is a party.

(d) The provisions of this Section 5.14, to the extent that they restrict the duties and liabilities of any of the H&F Stockholders or any H&F Director Nominee otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of the H&F Stockholders or any such H&F Director Nominee to the fullest extent permitted by applicable law.

5.15 No Waiver. No course of dealing and no delay on the part of any party hereto in exercising any right, power or remedy conferred by this Agreement shall operate as waiver thereof or otherwise prejudice such party's rights, powers and remedies. No single or partial exercise of any rights, powers or remedies conferred by this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

5.16 Costs and Expenses. Except as provided in ARTICLE III and Section 4.2, each party shall pay its own costs and expenses incurred in connection with this Agreement, and any and all other documents furnished pursuant hereto or in connection herewith.

5.17 Counterpart. This Agreement may be executed in two or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and all signatures need not appear on any one counterpart.

5.18 Headings. All headings and captions in this Agreement are for purposes of reference only and shall not be construed to limit or affect the substance of this Agreement.

5.19 Third Party Beneficiaries. Except as provided in Sections 3.4, 3.6 and 5.14, nothing in this Agreement is intended or shall be construed to entitle any Person other than the Company and the Stockholders to any claim, cause of action, right or remedy of any kind.

5.20 Consent to Jurisdiction. The Company and each of the Stockholders, by its, his or her execution hereof, (i) hereby irrevocably submit to the exclusive jurisdiction of the state and federal courts in the State of Delaware for the purposes of any claim or action arising out of or based upon this Agreement or relating to the subject matter hereof, (ii) hereby waive, to the extent not prohibited by applicable law, and agree not to assert by way of motion, as a defense or otherwise, in any such claim or action, any claim that it or he is not subject personally to the jurisdiction of the above-named courts, that its, his or her property is exempt or immune from attachment or execution, that any such proceeding brought in the above-named court is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court and (iii) hereby agree not to commence any claim or action arising out of or based upon this Agreement or relating to the subject matter hereof other than before the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such claim or action to any court other than the above-named courts whether on the grounds of inconvenient forum or otherwise. The Company and each of the Stockholders hereby consent, to the fullest extent permitted by law, to service of process in any such proceeding, and agree that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 5.5 is reasonably calculated to give actual notice.

5.21 WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS SECTION 5.21 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 5.21 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

5.22 Representations and Warranties. Each of the Stockholders executing this Agreement hereby represents and warrants severally and not jointly to each of the other Stockholders and to the Company on the date hereof (and in respect of Persons who become a party to this Agreement after the date hereof, such Stockholder hereby represents and warrants to each of the other Stockholders and the Company on the date of its execution of a Joinder Agreement) as follows:

(a) Such Stockholder, to the extent applicable, is duly organized or incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization or incorporation and has all requisite power and authority to conduct its business as it is now being conducted and is proposed to be conducted. Such Stockholder has the full power, authority and legal right to execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action, corporate or otherwise, of such Stockholder. This Agreement has been duly executed and delivered by such Stockholder and constitutes its, his or her legal, valid and binding obligation, enforceable against it, him or her in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally.

(b) The execution and delivery by such Stockholder of this Agreement, the performance by such Stockholder of its, his or her obligations hereunder by such Stockholder does not and will not violate (i) in the case of parties who are not individuals, any provision of its organizational or constituent documents, (ii) any provision of any material agreement to which it, he or she is a party or by which it, he or she is bound or (iii) any law, rule, regulation, judgment, order or decree to which it, he or she is subject. No notice, consent, waiver, approval, authorization, exemption, registration, license or declaration is required to be made or obtained by such Stockholder in connection with the execution, delivery or enforceability of this Agreement.

(c) Such Stockholder is not currently in violation of any law, rule, regulation, judgment, order or decree, which violation could reasonably be expected at any time to have a material adverse effect upon such Stockholder's ability to enter into this Agreement or to perform its, his or her obligations hereunder. There is no pending legal action, suit or proceeding that would materially and adversely affect the ability of such Stockholder to enter into this Agreement or to perform its, his or her obligations hereunder.

(d) If such Stockholder is an individual and married, he or she has delivered to the Company a duly executed copy of a Spousal Consent in the form attached hereto as Annex II (a "Spousal Consent").

5.23 Consents, Approvals and Actions.

(a) If any consent, approval or action of the H&F Stockholders is required at any time pursuant to this Agreement, such consent, approval or action shall be deemed given if the holders of a majority of the outstanding Shares held by the H&F Stockholders at such time provide such consent, approval or action in writing at such time.

(b) If any consent, approval or action of the Executive Stockholders is required at any time pursuant to this Agreement, such consent, approval or action shall be deemed given if the holders of a majority of the outstanding Shares held by the Executive Stockholders at such time provide such consent, approval or action in writing at such time.

(c) If any consent, approval or action of the Management Stockholders is required at any time pursuant to this Agreement, such consent, approval or action shall be deemed given if the holders of a majority of the outstanding Shares held by the Management Stockholders at such time provide such consent, approval or action in writing at such time.

(d) If any consent, approval or action of the Read Trust Rollover Stockholders is required at any time pursuant to this Agreement, such consent, approval or action shall be deemed given if the holders of a majority of the outstanding Shares held by the Read Trust Rollover Stockholders at such time provide such consent, approval or action in writing at such time.

(e) For purposes of clarity, the operation of this Section 5.23 shall not deprive any of the H&F Stockholders or the Executive Stockholders and/or the Read Trust Rollover Stockholders, as applicable, of their respective rights to nominate directors pursuant to Section 2.2(a).

5.24 No Third Party Liabilities. This Agreement may only be enforced against the named parties hereto. All claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to any of this Agreement, or the negotiation, execution or performance of this Agreement (including any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), may be made only against the entities that are expressly identified as parties hereto, as applicable; and no past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, portfolio company in which any such party or any of its investment fund Affiliates have made a debt or equity investment (and vice versa), agent, attorney or representative of any party hereto (including any Person negotiating or executing this Agreement on behalf of a party hereto), unless a party to this Agreement, shall have any liability or obligation with respect to this Agreement or with respect any claim or cause of action (whether in contract or tort) that may arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement (including a representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement).

5.25 Aggregation of Securities. All securities held by the H&F Stockholders, the Executive Stockholders and the Read Trust Rollover Stockholders, respectively, shall be aggregated together for purposes of determining the rights or obligations of any member of the H&F Stockholders, the Executive Stockholders or Read Trust Rollover Stockholders, respectively, or the application of any restrictions to any member of H&F Stockholders, the Executive Stockholders or Read Trust Rollover Stockholders, respectively, under this Agreement in which such right, obligation or restriction is determined by any ownership threshold. The H&F Stockholders, Executive Stockholders and Read Trust Rollover Stockholders, in each case, may allocate the ability to exercise any rights of the H&F Stockholders, the Executive Stockholders or Read Trust Rollover Stockholders, respectively, under this Agreement in any manner among the H&F Stockholders, the Executive Stockholders or Read Trust Rollover Stockholders, respectively, that the H&F Stockholders, the Executive Stockholders or Read Trust Rollover Stockholders, respectively, see fit.

5.26 Effectiveness. This Agreement shall become effective on the day immediately preceding the date on which a registration statement on Form 8-A, or any successor form thereto, with respect to the Common Stock first becomes effective under the 1934 Act. Until such time as this Agreement becomes effective, the Original Agreement shall remain in full force and effect. This Agreement shall automatically terminate if the Underwriting Agreement is terminated for any reason or the initial Public Offering contemplated by the Underwriting Agreement is not consummated on or before the tenth business day following the date of this Agreement, provided that Section 5.27 shall survive any such termination.

5.27 Reinstatement of Original Agreement. The parties hereto hereby agree that in the event this Agreement becomes effective but is subsequently terminated, in each case pursuant to Section 5.26, the parties shall either reinstate the Original Agreement or execute a stockholders agreement with terms that are substantially equivalent (to the extent practicable) to, *mutatis mutandis*, the terms of the Original Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement (or caused this Agreement to be executed on its behalf by its officer or representative thereunto duly authorized) as of the date first above written.

THE COMPANY:

GROCERY OUTLET HOLDING CORP.
(formerly known as Globe Holding Corp.)

By: _____
Name:
Title:

GLOBE INTERMEDIATE:

GLOBE INTERMEDIATE CORP.
(formerly known as Cannery Sales Intermediate Corp.)

By: _____
Name:
Title:

GOBP HOLDINGS:

GOBP HOLDINGS, INC.

By: _____
Name:
Title:

GOBP MIDCO:

GOBP MIDCO, INC.

By: _____
Name:
Title:

OPCO:

GROCERY OUTLET INC.

By: _____
Name:
Title:

H&F STOCKHOLDERS:

H&F GLOBE INVESTOR LP

By: H&F GLOBE INVESTOR GP, LLC,
its general partner

By: HELLMAN & FRIEDMAN CAPITAL PARTNERS VII (PARALLEL), L.P., its managing member

By: HELLMAN & FRIEDMAN INVESTORS VII, L.P.,
its general partner

By: H&F CORPORATE INVESTORS VII, LTD., its general partner

By: _____
Name:
Title:

EXECUTIVE STOCKHOLDERS:

ERIC J. LINDBERG

STEVEN MACGREGOR READ, JR.

THE LINDBERG REVOCABLE TRUST U/A/D 02/14/06

By: _____
Name: Eric Lindberg
Title: Co-Trustee

THE NORDLINGEN TRUST DATED 1/23/2012, AS AMENDED AND RESTATED, 9/17/2014

Name: Steven MacGregor Read, Jr.
Title: Trustee

THE REDMOND TRUST DATED 10/19/2003, AS AMENDED AND RESTATED, 9/17/2014

Name: Steven MacGregor Read, Jr.
Title: Trustee

TUCKERNUCK LIMITED PARTNERSHIP
A SOUTH DAKOTA LIMITED PARTNERSHIP

By: _____
Eric John Lindberg, Jr., co-trustee of
The Read Family 2014 Irrevocable Trust,
f/b/o Brady Read, general partner

By: CorTrust Bank, N.A., co-trustee of
The Read Family 2014 Irrevocable Trust,
f/b/o Brady Read, general partner

By: _____
Name:
Title:

By: _____
Eric John Lindberg, Jr., co-trustee of
The Read Family 2014 Irrevocable Trust,
f/b/o Charlotte Read, general partner

By: CorTrust Bank, N.A., co-trustee of
The Read Family 2014 Irrevocable Trust,
f/b/o Charlotte Read, general partner

By: _____
Name:
Title:

READ TRUST ROLLOVER STOCKHOLDER:

THE STEVEN & MARY READ LIVING TRUST U/A/D 2/6/92

By: _____

Name:
Title:

[SIGNATURE PAGE TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT]

READ TRUST ROLLOVER STOCKHOLDER:

THE JAMES PETER READ, JR. 2011 ANNUITY TRUST
U/A/D 4/1/11

By: _____
Name:
Title:

[SIGNATURE PAGE TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT]

Exhibit A

STOCKHOLDER LIST

STOCKHOLDERS	ADDRESS
H&F STOCKHOLDERS	
[Redacted]	[Redacted]
EXECUTIVE STOCKHOLDERS	
[Redacted]	[Redacted]
MANAGEMENT STOCKHOLDERS	
[Redacted]	[Redacted]
INDEPENDENT DIRECTOR STOCKHOLDERS	
[Redacted]	[Redacted]
READ TRUST ROLLOVER STOCKHOLDERS	
[Redacted]	[Redacted]

Annex I

FORM OF
JOINDER AGREEMENT

The undersigned is executing and delivering this Joinder Agreement pursuant to that certain Amended and Restated Stockholders Agreement of Grocery Outlet Holding Corp., dated as of [•], 2019 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Stockholders Agreement") by and among Grocery Outlet Holding Corp. (the "Company"), Globe Intermediate Corp., GOBP Holdings, Inc., GOBP Midco, Inc., Grocery Outlet Inc., the H&F Stockholders, the Executive Stockholders, the Read Trust Rollover Stockholders and the other parties thereto. Capitalized terms used but not defined in this Joinder Agreement shall have the respective meanings ascribed to such terms in the Stockholders Agreement.

By executing and delivering this Joinder Agreement to the Stockholders Agreement, the undersigned hereby adopts and approves the Stockholders Agreement and agrees, effective commencing on the date hereof and as a condition to the undersigned's becoming the transferee of Shares, to become a party to, and to be bound by and comply with the provisions of, the Stockholders Agreement applicable to a Stockholder and [an H&F Stockholder][an Executive Stockholder][a Read Trust Rollover Stockholder][a Management Stockholder][an Employee Stockholder][an Independent Director Stockholder][an Other Stockholder][and an Other Stockholder][1], respectively, in the same manner as if the undersigned were an original signatory to the Stockholders Agreement.

The undersigned hereby represents and warrants that, pursuant to this Joinder Agreement and the Stockholders Agreement, it is a Permitted Transferee of [an H&F Stockholder][an Executive Stockholder][a Read Trust Rollover Stockholder][a Management Stockholder][an Employee Stockholder][an Independent Director Stockholder][an Other Stockholder] and will be the lawful record owner of shares of Common Stock of the Company as of the date hereof. The undersigned hereby covenants and agrees that it will take all such actions as required of a Permitted Transferee as set forth in the Stockholders Agreement, including but not limited to conveying its record and beneficial ownership of any Shares and all rights, title and obligations thereunder back to the initial transferor Stockholder or to another Permitted Transferee of the original transferor Stockholder, as the case may be, immediately prior to such time that the undersigned no longer meets the qualifications of a Permitted Transferee as set forth in the Stockholders Agreement.

The undersigned acknowledges and agrees that Sections 5.2, 5.7, 5.20 and 5.21 of the Stockholders Agreement are incorporated herein by reference, *mutatis mutandis*.

[Remainder of page intentionally left blank]

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1 Note: Include "and an Other Stockholder" if anything other than "H&F Stockholder," "Employee Stockholder" or "Other Stockholder" is selected in this sentence.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of the day of , 2019.

Signature

Print Name

Address:

Telephone:
Facsimile:
Email:

AGREED AND ACCEPTED
as of the day of , .

GROCERY OUTLET HOLDING CORP.

By: _____
Name:
Title:

Annex II

FORM OF
SPOUSAL CONSENT

In consideration of the execution of that certain Amended and Restated Stockholders Agreement of Grocery Outlet Holding Corp., dated as of [•], 2019 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Stockholders Agreement") by and among Grocery Outlet Holding Corp. (the "Company"), Globe Intermediate Corp., GOBP Holdings, Inc., GOBP Midco, Inc., Grocery Outlet Inc., the H&F Stockholders, the Executive Stockholders, the Read Trust Rollover Stockholders and the other parties thereto, I, , the spouse of , who is a party to the Stockholders Agreement, do hereby join with my spouse in executing the foregoing Stockholders Agreement and do hereby agree to be bound by all of the terms and provisions thereof, in consideration of the issuance, acquisition or receipt of Shares and all other interests I may have in the shares and securities subject thereto, whether the interest may be pursuant to community property laws or similar laws relating to marital property in effect in the state or province of my or our residence as of the date of signing this consent. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Stockholders Agreement.

Dated as of _____ __, ____

_____
(Signature of Spouse)

_____
(Print Name of Spouse)

Exhibit 5.1

Simpson Thacher & Bartlett LLP

2475 HANOVER STREET
PALO ALTO, CA 94304

TELEPHONE: +1-650-251-5000
FACSIMILE: +1-650-251-5002

Direct Dial Number

E-mail Address

June 10, 2019

Grocery Outlet Holding Corp.
5650 Hollis Street
Emeryville, CA 94608

Ladies and Gentlemen:

We have acted as counsel to Grocery Outlet Holding Corp., a Delaware corporation (the "Company"), in connection with the Registration Statement on Form S-1 (the "Registration Statement") filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), relating to the issuance by the Company of an aggregate of 19,765,625 shares of Common Stock, par value $0.001 per share (together with any additional shares of such stock that may be issued by the Company pursuant to Rule 462(b) (as prescribed by the Commission pursuant to the Act) in connection with the offering described in the Registration Statement, the "Shares").

We have examined the Registration Statement, a form of the share certificate and a form of the Amended and Restated Certificate of Incorporation of the Company (the "Amended Charter"), each of which have been filed with the Commission as an exhibit to the Registration Statement. In addition, we have examined, and have relied as to matters of fact upon, originals, or duplicates or certified or conformed copies, of such records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company and have made such other investigations as we have deemed relevant and necessary in connection with the opinions hereinafter set forth.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents. We have also assumed that the Amended Charter is filed with the Secretary of State for the State of Delaware in the form filed with the Commission as an exhibit to the Registration Statement prior to the issuance of any of the Shares.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that (1) when the Board of Directors of the Company (the "Board") has taken all necessary corporate action to authorize and approve the issuance of the Shares, (2) when the Amended Charter has been duly filed and (3) upon payment and delivery in accordance with the applicable definitive underwriting agreement approved by the Board, the Shares will be validly issued, fully paid and nonassessable.

We do not express any opinion herein concerning any law other than the Delaware General Corporation Law.

We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Registration Statement and to the use of our name under the caption "Legal Matters" in the prospectus included in the Registration Statement.

Very truly yours,

/s/ SIMPSON THACHER & BARTLETT LLP

SIMPSON THACHER & BARTLETT LLP

GROCERY OUTLET HOLDING CORP.
2019 INCENTIVE PLAN

1. Purpose. The purpose of the Grocery Outlet Holding Corp. 2019 Incentive Plan is to provide a means through which the Company and the other members of the Company Group may attract and retain key personnel and to provide a means whereby directors, officers, employees, consultants and advisors of the Company and the other members of the Company Group can acquire and maintain an equity interest in the Company, or be paid incentive compensation, including incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company Group and aligning their interests with those of the Company's stockholders.

2. Definitions. The following definitions shall be applicable throughout the Plan.

(a) "Adjustment Event" has the meaning given to such term in Section 11(a) of the Plan.

(b) "Affiliate" means any Person that directly or indirectly controls, is controlled by or is under common control with the Company. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.

(c) "Award" means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Other Equity-Based Award and Cash-Based Incentive Award granted under the Plan.

(d) "Award Agreement" means the document or documents by which each Award (other than a Cash-Based Incentive Award) is evidenced.

(e) "Board" means the Board of Directors of the Company.

(f) "Cash-Based Incentive Award" means an Award denominated in cash that is granted under Section 10 of the Plan.

(g) "Cause" means, as to any Participant, unless the applicable Award Agreement states otherwise, (i) "Cause," as defined in any employment, severance, consulting or other similar agreement between the Participant and the Service Recipient in effect at the time of such Termination; or (ii) in the absence of any such employment, severance, consulting or other similar agreement (or the absence of any definition of "Cause" contained therein), the Participant's (A) willful neglect in the performance of the Participant's duties for the Service Recipient or willful or repeated failure or refusal to perform such duties; (B) engagement in conduct in connection with the Participant's employment or service with the Service Recipient, which results in, or could reasonably be expected to result in, material harm to the business or reputation of the Company or any other member of the Company Group; (C) conviction of, or plea of guilty or no contest to, (I) any felony; or (II) any other crime that results in, or could reasonably be expected to result in, material harm to the business or reputation of the Company

or any other member of the Company Group; (D) material violation of the written policies of the Service Recipient, including, but not limited to, those relating to sexual harassment or the disclosure or misuse of confidential information, or those set forth in the manuals or statements of policy of the Service Recipient; (E) fraud or misappropriation, embezzlement or misuse of funds or property belonging to the Company or any other member of the Company Group; or (F) act of personal dishonesty that involves personal profit in connection with the Participant's employment or service to the Service Recipient; *provided*, in any case, that a Participant's resignation after an event that would be grounds for a Termination for Cause will be treated as a Termination for Cause hereunder.

(h) "Change in Control" means:

(i) the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of either (A) the Outstanding Common Stock; or (B) the Outstanding Company Voting Securities; *provided*, *however*, that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any Affiliate; (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any Affiliate; or (III) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of Persons including the Participant (or any entity controlled by the Participant or any group of Persons including the Participant);

(ii) during any period of twelve (12) months, individuals who, at the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the Effective Date, whose election or nomination for election was approved by a vote of at least two-thirds (2/3) of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided*, *however*, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(iii) the consummation of a reorganization, recapitalization, merger, consolidation, or similar corporate transaction involving the Company that requires the approval of the Company's shareholders (a "Business Combination"), unless immediately following such Business Combination: more than 50% of the total voting power of (x) the entity resulting from such Business Combination (the "Surviving Company"), or (y) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the board of directors (or the analogous governing body) of the Surviving Company, is represented by the Outstanding Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which the Outstanding Company Voting Securities were converted pursuant to such Business Combination); or

(iv) the sale, transfer or other disposition of all or substantially all of the assets of the Company Group (taken as a whole) to any Person that is not an Affiliate of the Company.

(i) "Code" means the Internal Revenue Code of 1986, as amended, and any successor thereto. Reference in the Plan to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.

(j) "Committee" means the Compensation Committee of the Board or any properly delegated subcommittee thereof or, if no such Compensation Committee or subcommittee thereof exists, the Board.

(k) "Common Stock" means the common stock of the Company, par value $0.001 per share (and any stock or other securities into which such Common Stock may be converted or into which it may be exchanged).

(l) "Company" means Grocery Outlet Holding Corp., a Delaware corporation, and any successor thereto.

(m) "Company Group" means, collectively, the Company and its Subsidiaries.

(n) "Date of Grant" means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization.

(o) "Designated Foreign Subsidiaries" means all members of the Company Group that are organized under the laws of any jurisdiction or country other than the United States of America that may be designated by the Board or the Committee from time to time.

(p) "Detrimental Activity" means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of any member of the Company Group; (ii) any activity that would be grounds to terminate the Participant's employment or service with the Service Recipient for Cause; (iii) a breach by the Participant of any restrictive covenant by which such Participant is bound, including, without limitation, any covenant not to compete or not to solicit, in any agreement with any member of the Company Group; or (iv) fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion.

(q) "Disability" means, as to any Participant, unless the applicable Award Agreement states otherwise, (i) "Disability," as defined in any employment, severance, consulting or other similar agreement between the Participant and the Service Recipient in effect at the time of such Termination; or (ii) in the absence of any such employment, severance, consulting or other similar agreement (or the absence of any definition of "Disability" contained therein), a condition entitling the Participant to receive benefits under a long-term disability plan of the Service Recipient or other member of the Company Group in which such Participant is eligible

to participate, or, in the absence of such a plan, the complete and permanent inability of the Participant by reason of illness or accident to perform the duties of the occupation at which the Participant was employed or served when such disability commenced. Any determination of whether Disability exists in the absence of a long-term disability plan shall be made by the Company (or its designee) in its sole and absolute discretion.

(r) "Effective Date" means June 4, 2019.

(s) "Eligible Person" means any (i) individual employed by any member of the Company Group; *provided*, *however*, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director or officer of any member of the Company Group; or (iii) consultant or advisor to any member of the Company Group who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act, who, in the case of each of clauses (i) through (iii) above has entered into an Award Agreement or who has received written notification from the Committee or its designee that they have been selected to participate in the Plan.

(t) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(u) "Exercise Price" has the meaning given to such term in Section 7(b) of the Plan.

(v) "Fair Market Value" means, as of any date, the fair market value of a share of Common Stock, as reasonably determined by the Company and consistently applied for purposes of the Plan, which may include, without limitation, the closing sales price on the trading day immediately prior to or on such date, or a trailing average of previous closing prices prior to such date.

(w) "GAAP" has the meaning given to such term in Section 7(d) of the Plan.

(x) "Grant Date Fair Market Value" means, as of a Date of Grant, (i) if the Common Stock is listed on a national securities exchange, the closing sales price of the Common Stock reported on the primary exchange on which the Common Stock is listed and traded on such date, or, if there are no such sales on that date, then on the last preceding date on which such sales were reported; (ii) if the Common Stock is not listed on any national securities exchange but is quoted in an inter-dealer quotation system on a last-sale basis, the average between the closing bid price and ask price reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Common Stock is not listed on a national securities exchange or quoted in an inter-dealer quotation system on a last-sale basis, the amount determined by the Committee in good faith to be the fair market value of the Common Stock; *provided*, *however*, as to any Awards granted on or with a Date of Grant of the date of the pricing of the Company's initial public offering, "Grant Date Fair Market Value" shall be equal to the per share price at which the Common Stock is offered to the public in connection with such initial public offering.

(y) "Immediate Family Members" has the meaning given to such term in Section 13(b)(ii) of the Plan.

(z) "Incentive Stock Option" means an Option which is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in the Plan.

(aa) "Indemnifiable Person" has the meaning given to such term in Section 4(e) of the Plan.

(bb) "Non-Employee Director" means a member of the Board who is not an employee of any member of the Company Group.

(cc) "Nonqualified Stock Option" means an Option which is not designated by the Committee as an Incentive Stock Option.

(dd) "Option" means an Award granted under Section 7 of the Plan.

(ee) "Option Period" has the meaning given to such term in Section 7(c)(ii) of the Plan.

(ff) "Other Equity-Based Award" means an Award that is not an Option, Stock Appreciation Right, Restricted Stock or Restricted Stock Unit, that is granted under Section 9 of the Plan and is (i) payable by delivery of Common Stock, and/or (ii) measured by reference to the value of Common Stock.

(gg) "Outstanding Common Stock" means the then-outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, the exercise of any similar right to acquire such Common Stock, and the exercise or settlement of then-outstanding Awards (or similar awards under any prior incentive plans maintained by the Company).

(hh) "Outstanding Company Voting Securities" means the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors.

(ii) "Participant" means an Eligible Person who has been selected by the Committee to participate in the Plan and to receive an Award pursuant to the Plan.

(jj) "Permitted Transferee" has the meaning given to such term in Section 13(b)(ii) of the Plan.

(kk) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(ll) "Plan" means this Grocery Outlet Holding Corp. 2019 Incentive Plan, as it may be amended and/or restated from time to time.

(mm) "Plan Share Reserve" has the meaning given to such term in Section 5(b) of the Plan.

(nn) "Qualifying Director" means a person who is with respect to actions intended to obtain an exemption from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 under the Exchange Act, a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act.

(oo) "Restricted Period" means the period of time determined by the Committee during which an Award is subject to restrictions, including vesting conditions.

(pp) "Restricted Stock" means Common Stock, subject to certain specified restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 8 of the Plan.

(qq) "Restricted Stock Unit" means an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 8 of the Plan.

(rr) "Securities Act" means the Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(ss) "Service Recipient" means, with respect to a Participant holding a given Award, the member of the Company Group by which the original recipient of such Award is, or following a Termination was most recently, principally employed or to which such original recipient provides, or following a Termination was most recently providing, services, as applicable.

(tt) "SAR Base Price" means, as to any Stock Appreciation Right, the price per share of Common Stock designated as the base value above which appreciation in value is measured.

(uu) "Stock Appreciation Right" or "SAR" means an Other-Equity Based Award designated in an applicable Award Agreement as a stock appreciation right.

(vv) "Subsidiary" means, with respect to any specified Person:

(i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of such entity's voting securities (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership (or any comparable foreign entity) (A) the sole general partner (or functional equivalent thereof) or the managing general partner of which is such Person or Subsidiary of such Person or (B) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

(ww) "Sub-Plans" means any sub-plan to the Plan that has been adopted by the Board or the Committee for the purpose of permitting or facilitating the offering of Awards to employees of certain Designated Foreign Subsidiaries or otherwise outside the jurisdiction of the United States of America, with each such Sub-Plan designed to comply with local laws applicable to offerings in such foreign jurisdictions. Although any Sub-Plan may be designated a separate and independent plan from the Plan in order to comply with applicable local laws, the Plan Share Reserve and the other limits specified in Section 5(b) of the Plan shall apply in the aggregate to the Plan and any Sub-Plan adopted hereunder.

(xx) "Substitute Award" has the meaning given to such term in Section 5(f) of the Plan.

(yy) "Termination" means the termination of a Participant's employment or service, as applicable, with the Service Recipient for any reason (including death).

3. Effective Date; Duration. The Plan shall be effective as of the Effective Date. The expiration date of the Plan, on and after which date no Awards may be granted hereunder, shall be the tenth (10th) anniversary of the Effective Date; *provided, however*, that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards.

4. Administration.

(a) General. The Committee shall administer the Plan. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if the Board is not acting as the Committee under the Plan) it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan that is intended to qualify for the exemptions provided by Rule 16b-3 promulgated under the Exchange Act be a Qualifying Director. However, the fact that a Committee member shall fail to qualify as a Qualifying Director shall not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

(b) Committee Authority. Subject to the provisions of the Plan and applicable law, the Committee shall have the sole and plenary authority, in addition to other express powers and authorizations conferred on the Committee by the Plan, to (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of shares of Common Stock to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and

conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled in, or exercised for, cash, shares of Common Stock, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, shares of Common Stock, other securities, other Awards, or other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant or of the Committee; (vii) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; (viii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of the Plan; (ix) adopt Sub-Plans; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) Delegation. Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time. Without limiting the generality of the foregoing, the Committee may delegate to one or more officers of any member of the Company Group, the authority to act on behalf of the Committee with respect to any matter, right, obligation, or election which is the responsibility of, or which is allocated to, the Committee herein, and which may be so delegated as a matter of law, except with respect to grants of Awards to persons (i) who are Non-Employee Directors, or (ii) who are subject to Section 16 of the Exchange Act.

(d) Finality of Decisions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan, any Award or any Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including, without limitation, any member of the Company Group, any Participant, any holder or beneficiary of any Award, and any stockholder of the Company.

(e) Indemnification. No member of the Board, the Committee or any employee or agent of any member of the Company Group (each such Person, an "Indemnifiable Person") shall be liable for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken or determination made with respect to the Plan or any Award hereunder and against and from any and all amounts paid by such Indemnifiable Person with the Company's approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such

Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined, as provided below, that the Indemnifiable Person is not entitled to be indemnified); *provided*, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts, omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person's fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the organizational documents of any member of the Company Group. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the organizational documents of any member of the Company Group, as a matter of law, under an individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold such Indemnifiable Persons harmless.

(f) Board Authority. Notwithstanding anything to the contrary contained in the Plan, the Board may, in its sole discretion, at any time and from time to time, grant Awards and administer the Plan with respect to such Awards. Any such actions by the Board shall be subject to the applicable rules of the securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

5. Grant of Awards; Shares Subject to the Plan; Limitations.

(a) Grants. The Committee may, from time to time, grant Awards to one or more Eligible Persons.

(b) Share Reserve. Subject to Section 11 of the Plan, 4,597,862[1] shares of Common Stock (the "Plan Share Reserve") shall be available for Awards under the Plan. Each Award granted under the Plan will reduce the Plan Share Reserve by the number of shares of Common Stock underlying the Award. Notwithstanding the foregoing, the Plan Share Reserve shall automatically be increased on the first day of each fiscal year following the fiscal year in which the Effective Date falls by a number of shares of Common Stock equal to the lesser of (i) the positive difference between (x) 4% of the Outstanding Common Stock on the last day of the immediately preceding fiscal year, and (y) the Plan Share Reserve on the last day of the immediately preceding fiscal year, and (ii) a lower number of shares of Common Stock as may be determined by the Board.

1 Represents the Plan Share Reserve approved on June 4, 2019 of 3,277,165 shares of Common Stock as adjusted for the forward stock split of 1.403 to 1 effected on June 6, 2019.

(c) Additional Limits. Subject to Section 11 of the Plan, (i) no more than the number of shares of Common Stock equal to the Plan Share Reserve may be issued in the aggregate pursuant to the exercise of Incentive Stock Options granted under the Plan; and (ii) during a single fiscal year, the number of Awards eligible to be made to Non-Employee Director, taken together with any cash fees paid to such Non-Employee Director during such fiscal year, shall not exceed a total value of $1,000,000 (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes).

(d) Share Counting. Other than with respect to Substitute Awards, to the extent that an Award expires or is canceled, forfeited, or terminated without issuance to the Participant of the full number of shares of Common Stock to which the Award related, the unissued shares underlying such Award will be returned to the Plan Share Reserve and again be available for grant under the Plan. Shares of Common Stock shall be deemed to have been issued in settlement of Awards if the Fair Market Value equivalent of such shares is paid in cash; *provided, however*, that no shares shall be deemed to have been issued in settlement of a SAR, Other Equity-Based Award or Restricted Stock Unit that only provides for settlement in, and settles only in, cash, or in respect of any Cash-Based Incentive Award. Shares of Common Stock withheld in payment of the Exercise Price or taxes relating to an Award and shares equal to the number of shares surrendered in payment of any Exercise Price, SAR Base Price, or taxes relating to an Award shall constitute shares issued to the Participant and shall reduce the Plan Share Reserve.

(e) Source of Shares. Shares of Common Stock issued by the Company in settlement of Awards may be authorized and unissued shares, shares held in the treasury of the Company, shares purchased on the open market or by private purchase or a combination of the foregoing.

(f) Substitute Awards. Awards may, in the sole discretion of the Committee, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by the Company or with which the Company combines ("Substitute Awards"). Substitute Awards shall not be counted against the Plan Share Reserve; *provided*, that Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding options intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code shall be counted against the aggregate number of shares of Common Stock available for Awards of Incentive Stock Options under the Plan. Subject to applicable stock exchange requirements, available shares under a stockholder-approved plan of an entity directly or indirectly acquired by the Company or with which the Company combines (as appropriately adjusted to reflect the acquisition or combination transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Common Stock available for issuance under the Plan.

6. Eligibility. Participation in the Plan shall be limited to Eligible Persons.

7. Options.

(a) General. Each Option granted under the Plan shall be evidenced by an Award Agreement, which agreement need not be the same for each Participant. Each Option so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the applicable Award

Agreement expressly states that the Option is intended to be an Incentive Stock Option. Incentive Stock Options shall be granted only to Eligible Persons who are employees of a member of the Company Group, and no Incentive Stock Option shall be granted to any Eligible Person who is ineligible to receive an Incentive Stock Option under the Code. No Option shall be treated as an Incentive Stock Option unless the Plan has been approved by the stockholders of the Company in a manner intended to comply with the stockholder approval requirements of Section 422(b)(1) of the Code; *provided*, that any Option intended to be an Incentive Stock Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonqualified Stock Option unless and until such approval is obtained. In the case of an Incentive Stock Option, the terms and conditions of such grant shall be subject to, and comply with, such rules as may be prescribed by Section 422 of the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan.

(b) Exercise Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the exercise price ("Exercise Price") per share of Common Stock for each Option shall not be less than 100% of the Grant Date Fair Market Value of such share; *provided*, *however*, that in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group, the Exercise Price per share shall be no less than 110% of the Grant Date Fair Market Value per share.

(c) Vesting and Expiration; Termination.

(i) Options shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee; *provided*, *however*, that notwithstanding any such vesting dates or events, the Committee may in its sole discretion accelerate the vesting of any Options at any time and for any reason.

(ii) Options shall expire upon a date determined by the Committee, not to exceed ten (10) years from the Date of Grant (the "Option Period"); *provided*, that if the Option Period (other than in the case of an Incentive Stock Option) would expire at a time when trading in the shares of Common Stock is prohibited by the Company's insider trading policy (or Company-imposed "blackout period"), then the Option Period shall be automatically extended until the thirtieth (30th) day following the expiration of such prohibition. Notwithstanding the foregoing, in no event shall the Option Period exceed five (5) years from the Date of Grant in the case of an Incentive Stock Option granted to a Participant who on the Date of Grant owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group.

(iii) Unless otherwise provided by the Committee, whether in an Award Agreement or otherwise, in the event of: (A) a Participant's Termination by the Service Recipient for Cause, all outstanding Options granted to such Participant shall immediately terminate and expire; (B) a Participant's Termination due to death or Disability, each outstanding unvested Option granted to such Participant shall

immediately terminate and expire, and each outstanding vested Option shall remain exercisable for one (1) year thereafter (but in no event beyond the expiration of the Option Period); and (C) a Participant's Termination for any other reason, each outstanding unvested Option granted to such Participant shall immediately terminate and expire, and each outstanding vested Option shall remain exercisable for ninety (90) days thereafter (but in no event beyond the expiration of the Option Period).

(d) Method of Exercise and Form of Payment. No shares of Common Stock shall be issued pursuant to any exercise of an Option until payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. Options which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company (or telephonic instructions to the extent provided by the Committee) in accordance with the terms of the Option accompanied by payment of the Exercise Price. The Exercise Price shall be payable: (i) in cash, check, cash equivalent and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual issuance of such shares to the Company); *provided*, that such shares of Common Stock are not subject to any pledge or other security interest and have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles ("GAAP")); or (ii) by such other method as the Committee may permit, in its sole discretion, including, without limitation (A) in other property having a fair market value on the date of exercise equal to the Exercise Price; (B) by means of a broker-assisted "cashless exercise" pursuant to which the Company is delivered (including telephonically to the extent permitted by the Committee) a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise issuable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price; or (C) a "net exercise" procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Exercise Price and any applicable taxes determined in accordance with Section 13(d) hereof. Any fractional shares of Common Stock shall be settled in cash.

(e) Notification upon Disqualifying Disposition of an Incentive Stock Option. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date the Participant makes a disqualifying disposition of any Common Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Common Stock before the later of (i) the date that is two (2) years after the Date of Grant of the Incentive Stock Option, or (ii) the date that is one (1) year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession, as agent for the applicable Participant, of any Common Stock acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Common Stock.

(f) Compliance With Laws, etc. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner which the Committee determines would violate the Sarbanes-Oxley Act of 2002, as it may be amended from time to time, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.

8. Restricted Stock and Restricted Stock Units.

(a) General. Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement. Each Restricted Stock and Restricted Stock Unit so granted shall be subject to the conditions set forth in this Section 8, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

(b) Stock Certificates and Book-Entry; Escrow or Similar Arrangement. Upon the grant of Restricted Stock, the Committee shall cause a stock certificate registered in the name of the Participant to be issued or shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions and, if the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than issued to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee, if applicable; and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock covered by such agreement. Subject to the restrictions set forth in this Section 8, Section 13(b) of the Plan and the applicable Award Agreement, a Participant generally shall have the rights and privileges of a stockholder as to shares of Restricted Stock, including, without limitation, the right to vote such Restricted Stock. To the extent shares of Restricted Stock are forfeited, any stock certificates issued to the Participant evidencing such shares shall be returned to the Company, and all rights of the Participant to such shares and as a stockholder with respect thereto shall terminate without further obligation on the part of the Company. A Participant shall have no rights or privileges as a stockholder as to Restricted Stock Units.

(c) Vesting; Termination.

(i) Restricted Stock and Restricted Stock Units shall vest, and any applicable Restricted Period shall lapse, in such manner and on such date or dates or upon such event or events as determined by the Committee; *provided, however*, that, notwithstanding any such dates or events, the Committee may, in its sole discretion, accelerate the vesting of any Restricted Stock or Restricted Stock Unit or the lapsing of any applicable Restricted Period at any time and for any reason.

(ii) Unless otherwise provided by the Committee, whether in an Award Agreement or otherwise, in the event of a Participant's Termination for any reason prior to the time that such Participant's Restricted Stock or Restricted Stock Units, as applicable, have vested, (A) all vesting with respect to such Participant's Restricted Stock or Restricted Stock Units, as applicable, shall cease and (B) unvested shares of Restricted Stock and unvested Restricted Stock Units, as applicable, shall be forfeited to the Company by the Participant for no consideration as of the date of such Termination.

(d) Issuance of Restricted Stock and Settlement of Restricted Stock Units.

(i) Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall issue to the Participant, or the Participant's beneficiary, without charge, the stock certificate (or, if applicable, a notice evidencing a book-entry notation) evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (rounded down to the nearest full share).

(ii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall issue to the Participant or the Participant's beneficiary, without charge, one (1) share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit; *provided, however*, that the Committee may, in its sole discretion, elect to (A) pay cash or part cash and part shares of Common Stock in lieu of issuing only shares of Common Stock in respect of such Restricted Stock Units; or (B) defer the issuance of shares of Common Stock (or cash or part cash and part shares of Common Stock, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. If a cash payment is made in lieu of issuing shares of Common Stock in respect of such Restricted Stock Units, the amount of such payment shall be equal to the Fair Market Value per share of the Common Stock as of the date on which the Restricted Period lapsed with respect to such Restricted Stock Units.

(e) Legends on Restricted Stock. Each certificate, if any, or book entry representing Restricted Stock awarded under the Plan, if any, shall bear a legend or book entry notation substantially in the form of the following, in addition to any other information the Company deems appropriate, until the lapse of all restrictions with respect to such shares of Common Stock:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE GROCERY OUTLET HOLDING CORP. 2019 INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT BETWEEN GROCERY OUTLET HOLDING CORP. AND PARTICIPANT. A COPY OF SUCH PLAN AND AWARD AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF GROCERY OUTLET HOLDING CORP.

9. Other Equity-Based Awards. The Committee may grant Other Equity-Based Awards under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts and dependent on such conditions as the Committee shall from time to time in its sole discretion determine. Each Other Equity-Based Award granted under the Plan shall be evidenced by an Award Agreement and shall be subject to such conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

10. Cash-Based Incentive Awards. The Committee may grant Cash-Based Incentive Awards under the Plan to any Eligible Person. Each Cash-Based Incentive Award granted under the Plan shall be evidenced in such form as the Committee may determine from time to time.

11. Changes in Capital Structure and Similar Events. Notwithstanding any other provision in this Plan to the contrary, the following provisions shall apply to all Awards granted hereunder (other than Cash-Based Incentive Awards):

(a) General. In the event of (i) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company, or other similar corporate transaction or event that affects the shares of Common Stock (including a Change in Control); or (ii) unusual or nonrecurring events affecting the Company, including changes in applicable rules, rulings, regulations or other requirements, that the Committee determines, in its sole discretion, could result in substantial dilution or enlargement of the rights intended to be granted to, or available for, Participants (any event in (i) or (ii), an "Adjustment Event"), the Committee shall, in respect of any such Adjustment Event, make such proportionate substitution or adjustment, if any, as it deems equitable, to any or all of (A) the Plan Share Reserve, or any other limit applicable under the Plan with respect to the number of Awards which may be granted hereunder; (B) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) which may be issued in respect of Awards or with respect to which Awards may be granted under the Plan or any Sub-Plan; and (C) the terms of any outstanding Award, including, without limitation, (I) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate; (II) the Exercise Price or SAR Base Price with respect to any Option or SAR, as applicable or any amount payable as a condition of issuance of shares of Common Stock (in the case of any other Award); or (III) any applicable performance measures; *provided*, that in the case of any "equity restructuring" (within the meaning of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring.

(b) Change in Control. Without limiting the foregoing, in connection with any Adjustment Event that is a Change in Control, the Committee may, in its sole discretion, provide for any one or more of the following:

(i) substitution or assumption of, acceleration of the vesting of, exercisability of, or lapse of restrictions on, any one or more outstanding Awards; and

(ii) cancellation of any one or more outstanding Awards and payment to the holders of such Awards that are vested as of such cancellation (including, without limitation, any Awards that would vest as a result of the occurrence of such event but for such cancellation or for which vesting is accelerated by the Committee in connection with such event pursuant to clause (i) above), the value of such Awards, if any, as determined by the Committee (which value, if applicable, may be based upon the price per share of Common Stock received or to be received by other stockholders of the Company in such event), including, without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the shares of Common Stock subject to such Option or SAR over the aggregate Exercise Price or SAR Base Price of such Option or SAR (it being understood that, in such event, any Option or SAR having a per share Exercise Price or SAR Base Price equal to, or in excess of, the Fair Market Value of a share of Common Stock subject thereto may be canceled and terminated without any payment or consideration therefor).

For purposes of clause (i) above, an award will be considered granted in substitution of an Award if it has an equivalent value (as determined consistent with clause (ii) above) with the original Award, whether designated in securities of the acquiror in such Change in Control transaction (or an Affiliate thereof), or in cash or other property (including in the same consideration that other stockholders of the Company receive in connection with such Change in Control transaction), and retains the vesting schedule applicable to the original Award.

Payments to holders pursuant to clause (ii) above shall be made in cash or, in the sole discretion of the Committee, in the form of such other consideration necessary for a Participant to receive property, cash, or securities (or combination thereof) as such Participant would have been entitled to receive upon the occurrence of the transaction if the Participant had been, immediately prior to such transaction, the holder of the number of shares of Common Stock covered by the Award at such time (less any applicable Exercise Price or SAR Base Price).

(c) Other Requirements. Prior to any payment or adjustment contemplated under this Section 11, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards; (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Common Stock, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

(d) Fractional Shares. Any adjustment provided under this Section 11 may provide for the elimination of any fractional share that might otherwise become subject to an Award.

(e) Binding Effect. Any adjustment, substitution, determination of value or other action taken by the Committee under this Section 11 shall be conclusive and binding for all purposes.

12. Amendments and Termination.

(a) Amendment and Termination of the Plan. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided*, that no such amendment, alteration, suspension, discontinuance or termination shall be made without stockholder approval if (i) such approval is necessary to comply with any regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any rules or regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company may be listed or quoted) or for changes in GAAP to new accounting standards; (ii) it would materially increase the number of securities which may be issued under the Plan (except for increases pursuant to Section 5 or 11 of the Plan); or (iii) it would materially modify the requirements for participation in the Plan; *provided*, *further*, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary. Notwithstanding the foregoing, no amendment shall be made to Section 12(c) of the Plan without stockholder approval.

(b) Amendment of Award Agreements. The Committee may, to the extent consistent with the terms of the Plan and any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after a Participant's Termination); *provided*, that, other than pursuant to Section 11, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant.

(c) No Repricing. Notwithstanding anything in the Plan to the contrary, without stockholder approval, except as otherwise permitted under Section 11 of the Plan, (i) no amendment or modification may reduce the Exercise Price of any Option or the SAR Base Price of any SAR; (ii) the Committee may not cancel any outstanding Option or SAR and replace it with a new Option or SAR (with a lower Exercise Price or SAR Base Price, as the case may be) or other Award or cash payment that is greater than the intrinsic value (if any) of the canceled Option or SAR; and (iii) the Committee may not take any other action which is considered a "repricing" for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted.

13. General.

(a) Award Agreements. Each Award (other than a Cash-Based Incentive Award) under the Plan shall be evidenced by an Award Agreement, which shall be delivered to the Participant to whom such Award was granted and shall specify the terms and conditions of the Award and any rules applicable thereto, including, without limitation, the effect on such Award of the death, Disability or Termination of a Participant, or of such other events as may be determined by the Committee. For purposes of the Plan, an Award Agreement may be in any such form (written or electronic) as determined by the Committee (including, without limitation, a Board or Committee resolution, an employment agreement, a notice, a certificate or a letter) evidencing the Award. The Committee need not require an Award Agreement to be signed by the Participant or a duly authorized representative of the Company.

(b) Nontransferability.

(i) Each Award shall be exercisable only by such Participant to whom such Award was granted during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant (unless such transfer is specifically required pursuant to a domestic relations order or by applicable law) other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against any member of the Company Group; *provided*, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than Incentive Stock Options) to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, to (A) any person who is a "family member" of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form of registration statement promulgated by the Securities and Exchange Commission (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Participant and the Participant's Immediate Family Members; (C) a partnership or limited liability company whose only partners or stockholders are the Participant and the Participant's Immediate Family Members; or (D) a beneficiary to whom donations are eligible to be treated as "charitable contributions" for federal income tax purposes (each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a "Permitted Transferee"); *provided*, that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with clause (ii) above shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Common Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any

applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) neither the Committee nor the Company shall be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of a Participant's Termination under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(c) Dividends and Dividend Equivalents.

(i) The Committee may, in its sole discretion, provide a Participant as part of an Award with dividends, dividend equivalents, or similar payments in respect of Awards, payable in cash, shares of Common Stock, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Committee in its sole discretion, including, without limitation, payment directly to the Participant, withholding of such amounts by the Company subject to vesting of the Award or reinvestment in additional shares of Common Stock.

(ii) Without limiting the foregoing, unless otherwise provided in the Award Agreement, any dividend otherwise payable in respect of any share of Restricted Stock that remains subject to vesting conditions at the time of payment of such dividend shall be retained by the Company and remain subject to the same vesting conditions as the share of Restricted Stock to which the dividend relates and shall be delivered (without interest) to the Participant within fifteen (15) days following the date on which such restrictions on such Restricted Stock lapse (and the right to any such accumulated dividends shall be forfeited upon the forfeiture of the Restricted Stock to which such dividends relate).

(iii) To the extent provided in an Award Agreement, the holder of outstanding Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock) either in cash or, in the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends (and interest may, in the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time as the underlying Restricted Stock Units are settled following the date on which the Restricted Period lapses with respect to such Restricted Stock Units, and if such Restricted Stock Units are forfeited, the Participant shall have no right to such dividend equivalent payments (or interest thereon, if applicable).

(d) Tax Withholding.

(i) A Participant shall be required to pay to the Company or one or more of its Subsidiaries, as applicable, an amount in cash (by check or wire transfer) equal to the aggregate amount of any income, employment and/or other applicable taxes that are statutorily required to be withheld in respect of an Award. Alternatively, the Company or any of its Subsidiaries may elect, in its sole discretion, to satisfy this requirement by withholding such amount from any cash compensation or other cash amounts owing to a Participant.

(ii) Without limiting the foregoing, the Committee may (but is not obligated to), in its sole discretion, permit or require a Participant to satisfy, all or any portion of the minimum income, employment and/or other applicable taxes that are statutorily required to be withheld with respect to an Award by (A) the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) that have been both held by the Participant and vested for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment under applicable accounting standards) having an aggregate Fair Market Value equal to such minimum statutorily required withholding liability (or portion thereof); or (B) having the Company withhold from the shares of Common Stock otherwise issuable or deliverable to, or that would otherwise be retained by, the Participant upon the grant, exercise, vesting or settlement of the Award, as applicable, a number of shares of Common Stock with an aggregate Fair Market Value equal to an amount, subject to clause (iii) below, not in excess of such minimum statutorily required withholding liability (or portion thereof).

(iii) The Committee, subject to its having considered the applicable accounting impact of any such determination, has full discretion to allow Participants to satisfy, in whole or in part, any additional income, employment and/or other applicable taxes payable by them with respect to an Award by electing to have the Company withhold from the shares of Common Stock otherwise issuable or deliverable to, or that would otherwise be retained by, a Participant upon the grant, exercise, vesting or settlement of the Award, as applicable, shares of Common Stock having an aggregate Fair Market Value that is greater than the applicable minimum required statutory withholding liability (but such withholding may in no event be in excess of the maximum statutory withholding amount(s) in a Participant's relevant tax jurisdictions).

(e) Data Protection. By participating in the Plan or accepting any rights granted under it, each Participant consents to the collection and processing of personal data relating to the Participant so that the Company and its Affiliates can fulfill their obligations and exercise their rights under the Plan and generally administer and manage the Plan. This data will include, but may not be limited to, data about participation in the Plan and shares offered or received, purchased, or sold under the Plan from time to time and other appropriate financial and other data (such as the date on which the Awards were granted) about the Participant and the Participant's participation in the Plan.

(f) No Claim to Awards; No Rights to Continued Employment; Waiver. No employee of any member of the Company Group, or other Person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the

Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Service Recipient or any other member of the Company Group, nor shall it be construed as giving any Participant any rights to continued service on the Board. The Service Recipient or any other member of the Company Group may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or any Award Agreement. By accepting an Award under the Plan, a Participant shall thereby be deemed to have waived any claim to continued exercise or vesting of an Award or to damages or severance entitlement related to non-continuation of the Award beyond the period provided under the Plan or any Award Agreement, except to the extent of any provision to the contrary in any written employment contract or other agreement between the Service Recipient and/or any member of the Company Group and the Participant, whether any such agreement is executed before, on or after the Date of Grant.

(g) International Participants. With respect to Participants who reside or work outside of the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan and create or amend Sub-Plans or amend outstanding Awards with respect to such Participants in order to permit or facilitate participation in the Plan by such Participants, conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for a Participant or any member of the Company Group.

(h) Designation and Change of Beneficiary. To the extent permitted by the Company, each Participant may file with the Committee a written designation of one or more Persons as the beneficiary(ies) who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon the Participant's death. A Participant may, from time to time, revoke or change the Participant's beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be the Participant's spouse or, if the Participant is unmarried at the time of death, the Participant's estate.

(i) Termination. Except as otherwise provided in an Award Agreement, unless determined otherwise by the Committee at any point following such event: (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence (including, without limitation, a call to active duty for military service through a Reserve or National Guard unit) nor a transfer from employment or service with one Service Recipient to employment or service with another Service Recipient (or vice-versa) shall be considered a Termination; and (ii) if a Participant undergoes a Termination, but such Participant continues to provide services to the Company Group in a non-employee capacity, such change in status shall not be considered a Termination for purposes of the Plan. Further, unless otherwise determined by the Committee, in the event that any Service Recipient ceases to be a member of the

Company Group (by reason of sale, divestiture, spin-off or other similar transaction), unless a Participant's employment or service is transferred to another entity that would constitute a Service Recipient immediately following such transaction, such Participant shall be deemed to have suffered a Termination hereunder as of the date of the consummation of such transaction.

(j) No Rights as a Stockholder. Except as otherwise specifically provided in the Plan or any Award Agreement, no Person shall be entitled to the privileges of ownership in respect of shares of Common Stock which are subject to Awards hereunder until such shares have been issued or delivered to such Person.

(k) Government and Other Regulations.

(i) The obligation of the Company to settle Awards in shares of Common Stock or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Common Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel (if the Company has requested such an opinion), satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Common Stock to be offered or sold under the Plan. The Committee shall have the authority to provide that all shares of Common Stock or other securities of any member of the Company Group issued under the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement, the Federal securities laws, or the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted and any other applicable Federal, state, local or non-U.S. laws, rules, regulations and other requirements, and, without limiting the generality of Section 8 of the Plan, the Committee may cause a legend or legends to be put on certificates representing shares of Common Stock or other securities of any member of the Company Group issued under the Plan to make appropriate reference to such restrictions or may cause such Common Stock or other securities of any member of the Company Group issued under the Plan in book-entry form to be held subject to the Company's instructions or subject to appropriate stop-transfer orders. Notwithstanding any provision in the Plan to the contrary, the Committee reserves the right to add any additional terms or provisions to any Award granted under the Plan that the Committee, in its sole discretion, deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

(ii) The Committee may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company's acquisition of shares of Common Stock from the public markets, the Company's issuance of Common Stock to the Participant, the Participant's acquisition of Common Stock from the Company and/or the Participant's sale of Common Stock to the public markets, illegal, impracticable or inadvisable. If the Committee determines to cancel all or any portion of an Award in accordance with the foregoing, the Company shall, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, (A) pay to the Participant an amount equal to the excess of (I) the aggregate Fair Market Value of the shares of Common Stock subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or issued, as applicable); over (II) the aggregate Exercise Price or SAR Base Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of issuance of shares of Common Stock (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof, or (B) in the case of Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, provide the Participant with a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, or the underlying shares in respect thereof.

(l) No Section 83(b) Elections Without Consent of Company. No election under Section 83(b) of the Code or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Committee in writing prior to the making of such election. If a Participant, in connection with the acquisition of shares of Common Stock under the Plan or otherwise, is expressly permitted to make such election and the Participant makes the election, the Participant shall notify the Company of such election within ten (10) days after filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Section 83(b) of the Code or other applicable provision.

(m) Payments to Persons Other Than Participants. If the Committee shall find that any Person to whom any amount is payable under the Plan is unable to care for the Participant's affairs because of illness or accident, or is a minor, or has died, then any payment due to such Person or the Participant's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to the Participant's spouse, child, relative, an institution maintaining or having custody of such Person, or any other Person deemed by the Committee to be a proper recipient on behalf of such Person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(n) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of equity-based awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(o) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between any member of the Company Group, on the one hand, and a Participant or other Person, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company be obligated to maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other service providers under general law.

(p) Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent public accountant of any member of the Company Group and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than himself or herself.

(q) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan or as required by applicable law.

(r) Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. EACH PARTICIPANT WHO ACCEPTS AN AWARD IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION, OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTICIPANT IN RESPECT OF THE PARTICIPANT'S RIGHTS OR OBLIGATIONS HEREUNDER

(s) Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(t) Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

(u) Section 409A of the Code.

(i) Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and neither the Service Recipient nor any other member of the Company Group shall have any obligation to indemnify or otherwise hold such Participant (or any beneficiary) harmless from any or all of such taxes or penalties. With respect to any Award that is considered "deferred compensation" subject to Section 409A of the Code, references in the Plan to "termination of employment" (and substantially similar phrases) shall mean "separation from service" within the meaning of Section 409A of the Code. For purposes of Section 409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as separate payments.

(ii) Notwithstanding anything in the Plan to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are "deferred compensation" subject to Section 409A of the Code and which would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day.

(iii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, in the event that the timing of payments in respect of any Award (that would otherwise be considered "deferred compensation" subject to Section 409A of the Code) would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code; or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of "Disability" pursuant to Section 409A of the Code.

(v) Clawback/Repayment. All Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or the Committee and as in effect from time to time; and (ii) applicable law. Further, to the extent that the Participant receives any amount in excess of the amount that the Participant should otherwise have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant shall be required to repay any such excess amount to the Company.

(w) Detrimental Activity. Notwithstanding anything to the contrary contained herein, if a Participant has engaged in any Detrimental Activity, as determined by the Committee, the Committee may, in its sole discretion, provide for one or more of the following:

(i) cancellation of any or all of such Participant's outstanding Awards; or

(ii) forfeiture by the Participant of any gain realized on the vesting or exercise of Awards, and repayment of any such gain promptly to the Company.

(x) Right of Offset. The Company will have the right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, repayment obligations under any Awards, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) that the Participant then owes to any member of the Company Group and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement. Notwithstanding the foregoing, if an Award is "deferred compensation" subject to Section 409A of the Code, the Committee will have no right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement if such offset could subject the Participant to the additional tax imposed under Section 409A of the Code in respect of an outstanding Award.

(y) Expenses; Titles and Headings. The expenses of administering the Plan shall be borne by the Company Group. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

Exhibit 10.19

OPTION GRANT NOTICE
UNDER THE
GROCERY OUTLET HOLDING CORP.
2019 INCENTIVE PLAN

Grocery Outlet Holding Corp. (the "Company"), pursuant to its 2019 Incentive Plan, as it may be amended and restated from time to time (the "Plan"), hereby grants to the Participant set forth below the number of Options (each Option representing the right to purchase one share of Common Stock) set forth below, at an Exercise Price per share as set forth below. The Options are subject to all of the terms and conditions as set forth herein, in the Option Agreement (attached hereto or previously provided to the Participant in connection with a prior grant), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant:	[*Insert Participant Name*]
Date of Grant:	[*Insert Date of Grant*]
Vesting Commencement Date:	[*Insert Vesting Commencement Date*]
Number of Options:	[*Insert Number of Options Granted*]
Exercise Price:	[*Insert Exercise Price*]
Option Period Expiration Date:	10th anniversary of Grant Date
Type of Option:	Non-qualified Stock Option
Vesting Schedule:	[*Insert Vesting Schedule*]

* * *

GROCERY OUTLET HOLDING CORP.

By:
Title:

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS OPTION GRANT NOTICE, THE OPTION AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF OPTIONS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS OPTION GRANT NOTICE, THE OPTION AGREEMENT AND THE PLAN.

PARTICIPANT[1]

_____

[1] To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant's signature hereto.

OPTION AGREEMENT
UNDER THE
GROCERY OUTLET HOLDING CORP.
2019 INCENTIVE PLAN

Pursuant to the Option Grant Notice (the "Grant Notice") delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Option Agreement (this "Option Agreement") and the Grocery Outlet Holding Corp. 2019 Incentive Plan, as it may be amended and restated from time to time (the "Plan"), Grocery Outlet Holding Corp. (the "Company") and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Option**. Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Options provided in the Grant Notice (with each Option representing the right to purchase one share of Common Stock), at an Exercise Price per share as provided in the Grant Notice. The Company may make one or more additional grants of Options to the Participant under this Option Agreement by providing the Participant with a new Grant Notice, which may also include any terms and conditions differing from this Option Agreement to the extent provided therein. The Company reserves all rights with respect to the granting of additional Options hereunder and makes no implied promise to grant additional Options.

2. **Vesting**. Subject to the conditions contained herein and in the Plan, the Options shall vest as provided in the Grant Notice.

3. **Exercise of Options Following Termination**. The provisions of Section 7(c)(iii) of the Plan are incorporated herein by reference and made a part hereof.

4. **Method of Exercising Options**. The Options may be exercised by the delivery of notice of the number of Options that are being exercised accompanied by payment in full of the Exercise Price applicable to the Options so exercised. Such notice shall be delivered either (a) in writing to the Company at its principal office or at such other address as may be established by the Committee, to the attention of the Company's General Counsel or its designee; or (b) to a third-party plan administrator as may be arranged for by the Company or the Committee from time to time for purposes of the administration of outstanding Options under the Plan, in the case of either (a) or (b), as communicated to the Participant by the Company from time to time. Payment of the aggregate Exercise Price may be made using any of the methods described in Section 7(d)(i) or (ii) of the Plan; provided that the Participant shall obtain written consent from the Committee prior to the use of the method described in Section 7(d)(ii)(A) of the Plan.

5. **Issuance of Shares of Common Stock**. Following the exercise of an Option hereunder, as promptly as practical after receipt of such notification and full payment of such Exercise Price and any required income or other tax withholding amount (as provided in Section 9 hereof), the Company shall issue or transfer, or cause such issue or transfer, to the Participant the number of shares of Common Stock with respect to which the Options have been so exercised, and shall either (a) deliver, or cause to be delivered, to the Participant a certificate or certificates therefor, registered in the Participant's name or (b) cause such shares of Common Stock to be credited to the Participant's account at the third-party plan administrator.

6. **Company; Participant**.

(a) The term "Company" as used in this Option Agreement with reference to employment shall include the Company and its Subsidiaries.

(b) Whenever the word "Participant" is used in any provision of this Option Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Options may be transferred in accordance with Section 13(b) of the Plan, the word "Participant" shall be deemed to include such person or persons.

7. **Non-Transferability**. The Options are not transferable by the Participant; provided, however, to the extent permitted by the Committee in accordance with Section 13(b) of the Plan, vested Options may be transferred to Permitted Transferees. Except as otherwise provided herein, no assignment or transfer of the Options, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Options shall terminate and become of no further effect.

8. **Rights as Shareholder**. The Participant shall have no rights as a shareholder with respect to any share of Common Stock covered by an Option unless and until the Participant shall have become the holder of record or the beneficial owner of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof.

9. **Tax Withholding**. The provisions of Section 13(d) of the Plan are incorporated herein by reference and made a part hereof. The Participant shall satisfy such Participant's withholding liability, if any, referred to in Section 13(d) of the Plan by having the Company withhold from the number of shares of Common Stock otherwise issuable pursuant to the exercise of the Options a number of shares of Common Stock with a fair market value, on the date that the shares of Common Stock are issued, equal to such withholding liability; provided that the number of such shares may not have a fair market value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences.

10. **Notice**. Every notice or other communication relating to this Option Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company's General Counsel or its designee, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

11. **No Right to Continued Service**. This Option Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company.

12. **Binding Effect**. This Option Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

13. **Waiver and Amendments**. Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Option Agreement shall be valid only if made in writing and signed by the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

14. **Clawback/Forfeiture**. Notwithstanding anything to the contrary contained herein or in the Plan, if the Participant has engaged in or engages in any Detrimental Activity, then the Committee may, in its sole discretion, take actions permitted under the Plan, including: (a) canceling the Options, or (b) requiring that the Participant forfeit any gain realized on the exercise of the Options or the disposition of any shares of Common Stock received upon exercise of the Options, and repay such gain to the Company. In addition, if the Participant receives any amount in excess of what the Participant should have received under the terms of this Option Agreement for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company. Without limiting the foregoing, all Options shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law.

15. **Governing Law**. This Option Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Option Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Option Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

16. **Plan**. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Option Agreement (including the Grant Notice), the Plan shall govern and control.

17. [**Exhibit for Non-U.S. Participants**. If the Participant is residing and/or working outside of the United States, the Option shall be subject to any special provisions set forth in [Exhibit A] to this Option Agreement. If the Participant becomes based outside the United States during the life of the Option, the special provisions set forth in [Exhibit A] shall apply to the Participant to the extent that the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. Moreover, if the Participant relocates between any of the countries included on [Exhibit A], the special provisions set forth in [Exhibit A] for such country shall apply to the Participant to the extent that the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. [Exhibit A] constitutes part of this Option Agreement.][2]

18. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Options and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

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2 Include for non-U.S. Participant.

19. **Electronic Delivery and Acceptance**. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Entire Agreement**. This Option Agreement[(including, without limitation, all exhibits attached hereto)][3], the Grant Notice and the Plan constitute the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.

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3 Include for non-U.S. Participant.

Exhibit 10.20

RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
GROCERY OUTLET HOLDING CORP.
2019 INCENTIVE PLAN

Grocery Outlet Holding Corp. (the "Company"), pursuant to its 2019 Incentive Plan, as it may be amended and restated from time to time (the "Plan"), hereby grants to the Participant set forth below the number of Restricted Stock Units set forth below. The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement (attached hereto or previously provided to the Participant in connection with a prior grant), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant:	[*Insert Participant Name*]
Date of Grant:	[*Insert Date of Grant*]
Vesting Commencement Date:	[*Insert Vesting Commencement Date*]
Number of Restricted Stock Units:	[*Insert Number of Restricted Stock Units Granted*]
Vesting Schedule:	[*Insert Vesting Schedule*]
Dividend Equivalents:	The Restricted Stock Units shall be credited with dividend equivalent payments, as provided in Section 13(c)(iii) of the Plan.

* * *

GROCERY OUTLET HOLDING CORP.

By:
Title:

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN.

PARTICIPANT[1]

_____

[1] To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant's signature hereto.

RESTRICTED STOCK UNIT AGREEMENT
UNDER THE
GROCERY OUTLET HOLDING CORP.
2019 INCENTIVE PLAN

Pursuant to the Restricted Stock Unit Grant Notice (the "Grant Notice") delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Restricted Stock Unit Agreement (this "Restricted Stock Unit Agreement") and the Grocery Outlet Holding Corp. 2019 Incentive Plan, as it may be amended and restated from time to time (the "Plan"), Grocery Outlet Holding Corp. (the "Company") and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Restricted Stock Units**. Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Restricted Stock Units provided in the Grant Notice (with each Restricted Stock Unit representing an unfunded, unsecured right to receive one share of Common Stock). The Company may make one or more additional grants of Restricted Stock Units to the Participant under this Restricted Stock Unit Agreement by providing the Participant with a new Grant Notice, which may also include any terms and conditions differing from this Restricted Stock Unit Agreement to the extent provided therein. The Company reserves all rights with respect to the granting of additional Restricted Stock Units hereunder and makes no implied promise to grant additional Restricted Stock Units.

2. **Vesting**. Subject to the conditions contained herein and in the Plan, the Restricted Stock Units shall vest as provided in the Grant Notice.

3. **Settlement of Restricted Stock Units**. Subject to any election by the Committee pursuant to Section 8(d)(ii) of the Plan, the Company will deliver to the Participant, without charge, as soon as reasonably practicable (and, in any event, within two and one-half months) following the applicable vesting date, one share of Common Stock for each Restricted Stock Unit (as adjusted under the Plan, as applicable) which becomes vested hereunder and such vested Restricted Stock Unit shall be cancelled upon such delivery. The Company shall either (a) deliver, or cause to be delivered, to the Participant a certificate or certificates therefor, registered in the Participant's name or (b) cause such shares of Common Stock to be credited to the Participant's account at the third party plan administrator. Notwithstanding anything in this Restricted Stock Unit Agreement to the contrary, the Company shall have no obligation to issue or transfer any shares of Common Stock as contemplated by this Restricted Stock Unit Agreement unless and until such issuance or transfer complies with all relevant provisions of law and the requirements of any stock exchange on which the Company's shares of Common Stock are listed for trading.

4. **Treatment of Restricted Stock Units Upon Termination**. The provisions of Section 8(c)(ii) of the Plan are incorporated herein by reference and made a part hereof.

5. **Company; Participant**.

(a) The term "Company" as used in this Restricted Stock Unit Agreement with reference to [***Employee Participant***: employment][***Non-Employee Director Participant***: service] shall include the Company and its Subsidiaries.

(b) Whenever the word "Participant" is used in any provision of this Restricted Stock Unit Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Stock Units may be transferred in accordance with Section 13(b) of the Plan, the word "Participant" shall be deemed to include such person or persons.

6. **Non-Transferability**. The Restricted Stock Units are not transferable by the Participant except to Permitted Transferees in accordance with Section 13(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Restricted Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Restricted Stock Units shall terminate and become of no further effect.

7. **Rights as Shareholder**. The Participant or a Permitted Transferee of the Restricted Stock Units shall have no rights as a shareholder with respect to any share of Common Stock underlying a Restricted Stock Unit unless and until the Participant shall have become the holder of record or the beneficial owner of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof.

8. **Tax Withholding**. The provisions of Section 13(d) of the Plan are incorporated herein by reference and made a part hereof. The Participant shall satisfy such Participant's withholding liability, if any, referred to in Section 13(d) of the Plan by having the Company withhold from the number of shares of Common Stock otherwise deliverable pursuant to the settlement of the Restricted Stock Units a number of shares of Common Stock with a fair market value, on the date that the Restricted Stock Units are settled, equal to such withholding liability; provided that the number of such shares may not have a fair market value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences. [***Non-Employee Director Participant***: Notwithstanding the foregoing, the Participant acknowledges and agrees that to the extent consistent with applicable law and the Participant's status as an independent consultant for U.S. federal income tax purposes, the Company does not intend to withhold any amounts as federal income tax withholdings under any other state or federal laws, and the Participant hereby agrees to make adequate provision for any sums required to satisfy all applicable federal, state, local and foreign tax withholding obligations of the Company with may arise in connection with the grant of Restricted Stock Units.]

9. **Notice**. Every notice or other communication relating to this Restricted Stock Unit Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company's General Counsel or its designee, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

10. **No Right to Continued Service**. This Restricted Stock Unit Agreement does not confer upon the Participant any right to continue as [***Employee Participant***: an employee][***Non-Employee Director Participant***: a director] or other service provider to the Company.

11. **Binding Effect**. This Restricted Stock Unit Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

12. **Waiver and Amendments**. Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Restricted Stock Unit Agreement shall be valid only if made in writing and signed by the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

13. [***Employee Participant***: **Clawback/Forfeiture**. Notwithstanding anything to the contrary contained herein or in the Plan, if the Participant has engaged in or engages in any Detrimental Activity, then the Committee may, in its sole discretion, take actions permitted under the Plan, including: (a) canceling the Restricted Stock Units, or (b) requiring that the Participant forfeit any gain realized on the disposition of any shares of Common Stock received in settlement of any Restricted Stock Units, and repay such gain to the Company. In addition, if the Participant receives any amount in excess of what the Participant should have received under the terms of this Restricted Stock Unit Agreement for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company. Without limiting the foregoing, all Restricted Stock Units shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law.]

14. **Governing Law**. This Restricted Stock Unit Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Restricted Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Restricted Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

15. **Plan**. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Stock Unit Agreement (including the Grant Notice), the Plan shall govern and control.

16. [**Exhibit for Non U.S. Participants**. If the Participant is residing and/or working outside of the United States, the Restricted Stock Units shall be subject to any special provisions set forth in [Exhibit A] to this Restricted Stock Unit Agreement. If the Participant becomes based outside the United States while holding any Restricted Stock Units, the special provisions set forth in [Exhibit A] shall apply to the Participant to the extent that the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. Moreover, if the Participant relocates between any of the countries included on [Exhibit A], the special provisions set forth in [Exhibit A] for such country shall apply to the Participant to the extent that the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. [Exhibit A] constitutes part of this Restricted Stock Unit Agreement.][2]

17. **Section 409A**. It is intended that the Restricted Stock Units granted hereunder shall be exempt from Section 409A of the Code pursuant to the "short-term deferral" rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder.

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2 Include for non-U.S. Participant.

18. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Stock Units and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. **Electronic Delivery and Acceptance**. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Entire Agreement**. This Restricted Stock Unit Agreement[(including, without limitation, all exhibits attached hereto)][3], the Grant Notice and the Plan constitute the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.

3 Include for Non-U.S. Participant.

Grocery Outlet Inc.
Annual Incentive Plan

The Grocery Outlet Inc. Annual Incentive Plan (the "***Plan***") is established to reward and align the efforts of employees with the strategic priorities and activities of Grocery Outlet Inc. (the "***Company***") which maximize the Company's performance and drive shareholder value by providing an annual cash incentive opportunity to participating employees that may be earned for achievement of short-term financial and strategic goals. The Plan shall be effective as of January 1, 2019 and shall be administered by the Compensation Committee of the Company (the "***Administrator***").

1. Definitions.

a. "**Base Salary**" means the Participant's annual base salary for the Bonus Period or for the portion of the Bonus Period that a Participant is eligible; provided, however, that Base Salary shall exclude any portion of such annual base salary that relates to any period of time that a Participant is on a permitted leave of absence. Base Salary is determined without regard to any salary deferrals under any deferred compensation plans or other pay or benefit programs of the Company in which the Participant participates.

b. "**Bonus Amount**" means, as to any Participant, the applicable bonus payment calculated using Base Salary and Bonus Percent, subject to the requirements of Section 2.

c. "**Bonus Percent**" means a percentage of a Participant's Base Salary, as determined by the Company.

d. "**Bonus Period**" means from the first day of the fiscal year through the last day of such fiscal year.

e. "**Participant**" means an employee who is designated to participate in the Plan by the Company, subject to the requirements of Section 2. For purposes hereof, the Company shall be permitted to designate groups of employees by job title or level as Participants without the need to identify any individual Participant by name. In no event shall a Participant include (i) independent contractors, (ii) temporary employees, or (iii) employees who are regularly scheduled to work less than 20 hours per week or are non-benefits eligible.

f. "**Payment Date**" means the date on which a Bonus Amount (or a portion thereof), if any, is paid to a Participant.

g. "**Performance Goals**" means the performance criteria and objectives that are established by the Company for the applicable Bonus Period from time to time.

2. Eligibility for Bonus Amount.

Except as otherwise provided under the Plan, each Participant is eligible to receive a Bonus Amount under the Plan if:

a. Such Participant became a Participant on or before October 1 of the applicable Bonus Period;

b. Such Participant remains active in an eligible status in the employ of the Company through the date the Bonus Amount (or a portion thereof) is paid;

c. The Performance Goals for the applicable Bonus Period are met;

d. Such Participant is in good standing. Participants whose performance needs improvement or is below standard (as determined by the Administrator) may in the sole and absolute discretion of the Administrator be deemed ineligible to earn any Bonus Amount, in whole or in part. The following are a non-exhaustive list of factors the Administrator may consider in determining a Participant's below standard performance: (1) most recent annual performance rating below meets expectations; (2) currently on a performance improvement plan or being counseled for below standards performance; or (3) has a final written warning in effect at the time of payment.

Participants in eligible status who remain active, but change positions during the Bonus Period are eligible to earn a pro-rated bonus based upon their period of employment in eligible status during the Bonus Period.

3. Performance Goals.

The Administrator shall approve the Performance Goals for the applicable Bonus Period. Achievement of Performance Goals, which will determine the amount, if any, earned under the Plan, shall be determined by the Administrator or its designee. The Bonus Amount actually earned will be in the sole and exclusive discretion of the Administrator or its designee based on the application of the Performance Goals for the applicable Bonus Period.

4. Payment of Bonus Amount.

The payment with respect to any Bonus Amount (or a portion thereof) under the Plan shall be payable by the Company on a Payment Date, subject to a Participant's continued employment through such Payment Date. The Bonus Amount (or a portion thereof) will be payable as a lump sum cash amount or, at the discretion of the Administrator and if determined prior to the Payment Date, in shares of the Company's stock. The Bonus Amount (or a portion thereof) shall be subject to reduction for all required federal, state and local taxes and other legally required withholdings.

5. Termination of Employment.

To the extent a Participant's employment with the Company is terminated for any reason prior to the Payment Date, such Participant shall have no rights with respect to any Bonus Amount or other payment or award under the Plan, unless otherwise prohibited by law.

6. Termination or Amendment of the Plan.

The Plan may be amended, terminated or discontinued in whole or in part, at any time and from time to time at the sole and exclusive discretion of the Administrator without further liability of the Company to any Participant.

7. Additional Terms.

a. If any provision of this Plan is found to be invalid or unenforceable, such provision shall not affect the other provisions of the Plan, and the Plan shall be construed in all respects as if such invalid provision had been omitted. All questions concerning the construction, validation and interpretation of the Plan shall be governed by the laws of the state of Delaware without regard to its conflict of laws provisions.

8. Miscellaneous.

a. No Right to Continued Employment. Nothing contained in the Plan shall confer upon any Participant any right to continue in the employ of the Company or interfere in any way with the right of the Company to terminate any Participant's employment, with or without cause.

b. Clawback Policy. Any Bonus Amount (or a portion thereof) payable under this Plan is subject to any clawback, forfeiture or other similar policy adopted by the Company, as in effect from time to time.

c. Calculations. The Company's Finance department shall have the responsibility of calculating each Bonus Amount. The results will be independently reviewed by the Administrator or its designee.

d. Administration. The Administrator shall administer the Plan and be the sole and exclusive interpreter and arbiter of the provisions of the Plan.

Exhibit 10.30

GLOBE HOLDING CORP.
NON-EMPLOYEE DIRECTOR
RESTRICTED STOCK UNIT AGREEMENT
2014 STOCK INCENTIVE PLAN

THIS NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AGREEMENT (this "Agreement"), is made, effective as of , 20 (hereinafter the "Grant Date"), by and between Globe Holding Corp. (the "Company"), and (the "Participant").

RECITALS:

WHEREAS, the Company has adopted the Globe Holding Corp. 2014 Stock Incentive Plan (the "Plan"), pursuant to which Other Stock-Based Awards including in the form of restricted stock units (which entitle the holder to receive one Share of voting Common Stock in respect of each such unit upon settlement of the award) ("Restricted Stock Units") may be granted;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its stockholders to grant to the Participant an Other Stock-Based Award in the form of Restricted Stock Units as provided herein and subject to the terms set forth herein; and

WHEREAS, all capitalized terms not defined in this Agreement shall have the meanings ascribed thereto in the Plan.

NOW THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Stock Units. The Company hereby grants to the Participant on the Grant Date, a total of Restricted Stock Units (the "Participant RSUs") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. The Participant RSUs shall vest and settle in accordance with Section 3 hereof. As a condition to the award of the Participant RSUs, and prior to the receipt of the RSU Shares (as defined in Section 2(b) below) on the first Vesting Date, the Participant shall execute (to the extent the Participant has not already done so) a copy of the Stockholders Agreement and deliver the same to the Company, along with such additional documents as the Company may require.

2. Terms and Conditions.

(a) Vesting. The Participant RSUs shall vest and become non-forfeitable in equal annual installments on each of the first, second and third anniversaries of the Grant Date, subject to the Participant's continued Employment through each such date; *provided*, that, notwithstanding the foregoing, all unvested Participant RSUs shall automatically vest upon a Change in Control if the Participant's Employment has not been terminated prior to such Change in Control (each such anniversary of the Grant Date and the date of a Change in Control, a "Vesting Date"). Upon the termination of the Participant's Employment for any reason, all unvested Participant RSUs (and any Participant RSU Dividend Equivalents (as defined below) related to such unvested Participant RSUs) shall be automatically forfeited for no consideration.

(b) Settlement. Within thirty (30) days of each Vesting Date, all Participant RSUs that vested on such Vesting Date will be settled by the Company issuing to the Participant one (1) Share of voting Common Stock for each whole Participant RSU (such Shares, the "RSU Shares") and making a cash payment to the Participant equal to the Fair Market Value of any fractional Participant RSU.

(c) Restrictions. The Participant RSUs granted hereunder may not be sold, pledged or otherwise transferred (other than by will or the laws of decent and distribution) and may not be subject to lien, garnishment, attachment or other legal process. The Participant acknowledges and agrees that, with respect to the Participant RSUs, the Participant has no voting rights with respect to the Company unless and until such Participant RSUs are settled in RSU Shares pursuant to Section 3(b) hereof. The RSU Shares are subject to the transfer restrictions set forth in the Plan, the Stockholders Agreement and any transfer restrictions that may be described in the Company's certificate of incorporation or bylaws or charter in effect at the time of the contemplated transfer.

(d) Dividends. If on any date the Company pays any dividend with respect to its Shares (the "Payment Date"), then, with respect to each unvested Participant RSU, the Participant shall be entitled to receive [an amount in cash equal to the per share cash amount of such dividend (or, in the case of a dividend payable in Shares or in property other than cash, the per share equivalent cash value of such dividend, as determined in good faith by the Committee)] [(i) in the case of a dividend payable in cash, an amount in cash equal to the per share cash amount of such dividend or (ii) in the case of a dividend payable in Shares or in property other than cash, the per share amount of such Shares or other property (each such cash amount [or such Shares or other property] a "Participant RSU Dividend Equivalent"). Any Participant RSU Dividend Equivalents payable to a Participant in accordance with this Section 3(d) shall vest and be settled at the same time as the original Participant RSUs to which they are attributable.

(e) Rights as a Stockholder. Upon and following the delivery of RSU Shares on each Vesting Date, the Participant shall be the record owner of such RSU Shares unless and until such RSU Shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a holder of Shares, including, without limitation, voting rights, if any, with respect to the RSU Shares. Prior to the delivery of RSU Shares on each Vesting Date, the Participant shall not be deemed for any purpose to be the owner of such portion of the Shares underlying the Participant RSUs.

3. Miscellaneous.

(a) General Assets. All amounts credited to the Account under this Agreement shall continue for all purposes to be part of the general assets of the Company. The Participant's interest in the Account shall make the Participant only a general, unsecured creditor of the Company.

(b) Notices. Any notices provided for in this Agreement or the Plan shall be given in writing and shall be delivered by hand or sent by Federal Express, certified or registered mail, return receipt requested, postage prepaid, and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to the Participant, five (5) days after deposit in the United States mail, postage prepaid, addressed to the Participant at the last address the Participant provided to the Company.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(d) Bound by Plan and Stockholders Agreement. By signing this Agreement, the Participant acknowledges that (i) the Participant has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan and (ii) the Participant has received and read the Stockholders Agreement, and (iii) the RSU Shares will be subject to the Stockholders Agreement.

(e) Beneficiary. The Participant may file with the Company a written designation of a beneficiary on such form as may be prescribed by the Company and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Participant, the executor or administrator of the Participant's estate shall be deemed to be the Participant's beneficiary.

(f) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(g) Governing Plan Document and Entire Agreement. The Participant RSUs are subject to all interpretations, amendments, rules and regulations that may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control. This Agreement, the Plan and the Stockholders Agreement contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

(h) Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principals of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

(i) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

GLOBE HOLDING CORP.

By _____

Its _____

PARTICIPANT:

_____

Name: _____

Exhibit 10.31

FORM OF

INDEMNIFICATION AGREEMENT

This Indemnification Agreement is dated as of , 20 (this "**Agreement**") and is between Grocery Outlet Holding Corp., a Delaware corporation (the "**Company**"), and [*name of director/officer*] ("**Indemnitee**").

Background

The Company believes that in order to attract and retain highly competent persons to serve as directors or in other capacities, including as officers, it must provide such persons with adequate protection through indemnification against the risks of claims and actions against them arising out of their services to and activities on behalf of the Company.

The Company desires and has requested Indemnitee to serve, or to continue to serve, as a director or officer of the Company and, in order to induce Indemnitee to serve, or to continue to serve, as a director or officer of the Company, the Company is willing to grant Indemnitee the indemnification provided for herein. Indemnitee is willing to so serve, or to continue to serve, on the basis that such indemnification be provided.

The parties by this Agreement desire to set forth their agreement regarding indemnification and the advancement of expenses.

In consideration of Indemnitee's service to the Company and the covenants and agreements set forth below, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Indemnification. To the fullest extent permitted by the General Corporation Law of the State of Delaware (the "**DGCL**"):

(a) The Company shall indemnify Indemnitee if Indemnitee was or is a party to, is threatened to be made a party to, or is otherwise involved in, as a witness or otherwise, any threatened, pending or completed action, suit or proceeding (brought in the right of the Company or otherwise), whether civil, criminal, administrative or investigative and whether formal or informal, including any and all appeals, by reason of the fact that Indemnitee is or was or has agreed to serve as a director or officer of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action alleged to have been taken or omitted by Indemnitee in any such capacity.

(b) Subject to Section 6, the indemnification provided by this Section 1 shall be from and against all loss and liability suffered and expenses (including attorneys' fees, costs and expenses), judgments, fines and amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding, including any appeals (collectively, "**Losses**").

Section 2. Advancement of Expenses. To the fullest extent permitted by the DGCL, but subject to the terms of this Agreement and following notice pursuant to Section 3(a) below, expenses (including attorneys' fees, costs and expenses) incurred by Indemnitee in appearing at, participating in or defending, or otherwise arising out of or related to, any action, suit or proceeding described in Section 1(a) shall be paid by the Company in advance of the final disposition of such action, suit or proceeding, or in connection with any action, suit or proceeding brought to establish or enforce a right to indemnification or advancement of expenses pursuant to Section 3 (an "**advancement of expenses**"), within 20 days after receipt by the Company of a statement or statements from Indemnitee requesting such advancement of expenses from time to time. Indemnitee hereby undertakes to repay any amounts so advanced (without interest) to the extent that it is ultimately determined by final judicial decision from which there is no further right to appeal (a "**final adjudication**") that such Indemnitee is not entitled to be indemnified or entitled to advancement of expenses under this Agreement. No other form of undertaking shall be required of Indemnitee other than the execution of this Agreement. This Section 2 shall be subject to Section 3(b) and shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 6.

Section 3. Procedure for Indemnification; Notification and Defense of Claim.

(a) Promptly after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee shall, if any indemnification, advancement or other claim in respect thereof is to be sought from or made against the Company hereunder, notify the Company in writing of the commencement thereof. The failure to promptly notify the Company of the commencement of any action, suit or proceeding, or of Indemnitee's request for indemnification, advancement or other claims shall not relieve the Company from any liability that it may have to Indemnitee hereunder and shall not constitute a waiver or release by Indemnitee of any rights hereunder or otherwise, except to the extent the Company is actually and materially prejudiced in its defense of such action, suit or proceeding as a result of such failure. To submit a request for indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor; *provided* that any request for such indemnification may not be made until after a final adjudication of such action, suit or proceeding. Any notice by Indemnitee under this Section 3 should include such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to enable the Company to determine whether and to what extent Indemnitee is entitled to indemnification.

(b) With respect to any action, suit or proceeding of which the Company is so notified as provided in this Agreement, the Company shall, subject to the last two sentences of this Section 3(b), be entitled to assume the defense of such action, suit or proceeding, with counsel reasonably acceptable to Indemnitee, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any subsequently incurred fees of separate counsel engaged by Indemnitee with respect to the same action, suit or proceeding unless the employment of separate

counsel by Indemnitee has been previously authorized in writing by the Company, which authorization will not be unreasonably withheld or delayed. Notwithstanding the foregoing, if Indemnitee, based on the advice of his or her counsel, shall have reasonably concluded (with written notice being given to the Company setting forth the basis for such conclusion) that, in the conduct of any such defense, there is an actual or potential conflict of interest or position (other than such potential conflicts that are objectively immaterial or remote) between the Company and Indemnitee with respect to a significant issue, then the Company will not be entitled, without the written consent of Indemnitee, to assume such defense. In addition, the Company will not be entitled, without the written consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company.

(c) The determination whether to grant Indemnitee's indemnification request shall be made promptly and in any event within 30 days following the Company's receipt of a request for indemnification in accordance with Section 3(a). If the determination of whether to grant Indemnitee's indemnification request shall not have been made within such 30-day period, the requisite determination of entitlement to indemnification shall, subject to Section 6, nonetheless be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) an intentional misstatement by Indemnitee of a material fact, or an intentional omission of a material fact necessary to make Indemnitee's statement not misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under the DGCL; *provided*, *however*, that such 30-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person, person or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation or information relating thereto.

(d) In the event that (i) the Company determines in accordance with this Section 3 that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company denies a request for indemnification, in whole or in part, or fails to respond or make a determination of entitlement to indemnification within 30 days following receipt of a request for indemnification as described above, (iii) payment of indemnification is not made within such 30-day period (as it may be extended), (iv) advancement of expenses is not timely made in accordance with Section 2 or (v) the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication in any court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses, as applicable. Indemnitee's expenses (including attorneys' fees, costs and expenses) incurred in connection with successfully establishing Indemnitee's right to indemnification or advancement of expenses, in whole or in part, in any such proceeding or otherwise shall also be indemnified by the Company to the fullest extent permitted by the DGCL.

(e) Indemnitee shall be presumed to be entitled to indemnification and advancement of expenses under this Agreement upon submission of a request therefor in accordance with Section 2 or Section 3, as the case may be. The Company shall have the burden of proof in overcoming such presumption, and such presumption shall be used as a basis for a determination of entitlement to indemnification and advancement of expenses unless the Company overcomes such presumption by clear and convincing evidence. For purposes of this

Agreement, to the fullest extent permitted by the DGCL, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers, employees or committees of the Board of Directors of the Company (the "**Board of Directors**"), or on the advice of legal counsel or other advisors (including financial advisors and accountants) for the Company or on information or records given in reports made to the Company by an independent certified public accountant or by an appraiser or other expert or advisor selected by the Company, and the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or relevant enterprises will not be imputed to Indemnitee in a manner that limits or otherwise adversely affects Indemnitee's rights hereunder.

Section 4. Insurance and Subrogation.

(a) The Company hereby covenants and agrees that, so long as Indemnitee shall be subject to any possible action, suit or proceeding by reason of the fact that Indemnitee is or was or has agreed to serve as a director or officer of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, the Company, subject to Section 4(b), shall promptly obtain and maintain in full force and effect directors' and officers' liability insurance ("**D&O Insurance**") in reasonable amounts from established and reputable insurers, as more fully described below.

(b) Notwithstanding any other provisions of this Agreement to the contrary, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that: (i) such insurance is not reasonably available; (ii) the premium costs for such insurance are disproportionate to the amount of coverage provided; (iii) the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit; (iv) the Company is to be acquired and a tail policy of reasonable terms and duration is purchased for pre-closing acts or omissions by Indemnitee; or (v) the Company is to be acquired and D&O Insurance will be maintained by the acquirer that covers pre-closing acts and omissions by Indemnitee.

(c) In all policies of D&O Insurance, Indemnitee shall qualify as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured (i) of the Company's independent directors (as defined by the insurer) if Indemnitee is such an independent director; (ii) of the Company's non-independent directors if Indemnitee is not an independent director; or (iii) of the Company's officers if Indemnitee is an officer of the Company. If the Company has D&O Insurance in effect at the time the Company receives from Indemnitee any notice of the commencement of an action, suit or proceeding, the Company shall give prompt notice of the commencement of such action, suit or proceeding to the insurers in accordance with the procedures set forth in the policy. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policy.

(d) Subject to Section 15, in the event of any payment by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy or any other indemnity agreement covering Indemnitee. Indemnitee shall execute all papers required and take all reasonable action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights in accordance with the terms of such insurance policy. The Company shall pay or reimburse all expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

(e) Subject to Section 15, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (including, without limitation, judgments, fines and amounts paid in settlement) if and to the extent that Indemnitee has otherwise actually received such payment under this Agreement or any insurance policy, contract, agreement or otherwise.

Section 5. Certain Definitions. For purposes of this Agreement, the following definitions shall apply:

(a) The term "**action, suit or proceeding**" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed claim, counterclaim, cross claim, action, suit, arbitration, alternative dispute mechanism or proceeding, whether civil, criminal, administrative or investigative.

(b) The term "**by reason of the fact that Indemnitee is or was or has agreed to serve as a director, officer, employee or agent of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise**" shall be broadly construed and shall include, without limitation, any actual or alleged act or omission to act.

(c) The term "**expenses**" shall be broadly construed and shall include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees, costs and expenses and related disbursements, appeal bonds, other out-of-pocket costs, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and reasonable compensation for time spent by Indemnitee for which Indemnitee is not otherwise compensated by the Company or any third party), actually and reasonably incurred by Indemnitee in connection with either the investigation, defense or appeal of an action, suit or proceeding or establishing or enforcing a right to indemnification under this Agreement or otherwise incurred in connection with a claim that is indemnifiable hereunder.

(d) The term "**judgments, fines and amounts paid in settlement**" shall be broadly construed and shall include, without limitation, all direct and indirect payments of any type or nature whatsoever, as well as any penalties or excise taxes assessed on a person with respect to an employee benefit plan.

Section 6. Limitation on Indemnification. Notwithstanding any provision of this Agreement to the contrary, the Company shall not be obligated pursuant to this Agreement:

(a) Proceedings Initiated by Indemnitee. To indemnify or advance expenses to Indemnitee with respect to an action, suit or proceeding (or part thereof) initiated voluntarily by Indemnitee, except with respect to any compulsory counterclaim brought by Indemnitee, unless (i) such indemnification is expressly required to be made by law, (ii) such action, suit or proceeding (or part thereof) was authorized or consented to by the Board of Directors, (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the DGCL or (iv) such action, suit or proceeding is brought to establish or enforce a right to indemnification or advancement of expenses under this Agreement or any other statute or law or otherwise as required under Section 145 of the DGCL in advance of a final determination.

(b) Lack of Good Faith. To indemnify Indemnitee for any expenses incurred by Indemnitee with respect to any action, suit or proceeding instituted by Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such action, suit or proceeding was not made in good faith or was frivolous.

(c) Section 16(b) and Clawback Matters. To indemnify Indemnitee for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board of Directors or the compensation committee of the Board of Directors, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act.

(d) Prohibited by Law. To indemnify or advance expenses to Indemnitee in any circumstance where such indemnification has been determined to be prohibited by law by a final (not interlocutory) judgment or other adjudication of a court or arbitration or administrative body of competent jurisdiction as to which there is no further right or option of appeal or the time within which an appeal must be filed has expired without such filing.

Section 7. Change in Control.

(a) The Company agrees that if there is a change in control of the Company, then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnification and advancement of expenses under this Agreement, any other agreement or the Company's certificate of incorporation or bylaws now or hereafter in effect, the Company shall seek legal advice only from independent counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). In addition, upon written request by Indemnitee for indemnification pursuant to Section 3(a), a determination, if required by the DGCL, with respect to Indemnitee's entitlement thereto shall be made by such independent counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee. The Company agrees to pay the reasonable fees of the independent counsel referred to above and to indemnify fully such counsel against any and all expenses (including attorneys' fees, costs and expenses), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(b) For purposes of this Section 7, the following definitions shall apply:

(i) A "**change in control**" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following: (A) any person or group, within the meaning of Section 13(d)(3) of the Exchange Act (other than the H&F Stockholders (as defined in the Amended and Restated Stockholders Agreement, dated as of [•], 2019 (as such agreement may be amended from time to time)), among the Company and the other parties thereto or their respective affiliates), obtains ownership, directly or indirectly, of (x) more than 50% of the total voting power of the outstanding capital stock of the Company or applicable successor entity (including any securities convertible into, or exercisable or exchangeable for such capital stock) or (y) all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis; (B) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board of Directors, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 7(b)(i)(A), 7(b)(i)(C) or 7(b)(i)(D) or a director whose initial nomination for, or assumption of office as, a member of the Board of Directors occurs as a result of an actual or threatened solicitation of proxies or consents for election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board of Directors) whose election by the Board of the Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board of Directors; (C) the effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity; and (D) the approval by the stockholders of the

Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets. For purposes of this Section 7(b)(i) only, "**person**" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; *provided*, *however*, that "person" shall exclude (a) the Company, (b) any trustee or other fiduciary holding securities under an employee benefit plan of the Company and (c) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(ii) The term "**independent counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (A) the Company or Indemnitee in any matter material to either such party or (B) any other party to the action, suit or proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "independent counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(iii) The term "**Subsidiary**" means, with respect to the Company (or an applicable successor entity), any corporation, partnership, limited liability company, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing persons or bodies thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof, or (ii) if a partnership, limited liability company, trust, association or other business entity, a majority of the partnership, limited liability company or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof. For purposes hereof, the Company or its applicable Subsidiary shall be deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if the Company or such applicable Subsidiary shall be allocated a majority of partnership, limited liability company, association or other business entity gains or losses or shall be or control the managing director, managing member, manager or general partner of such partnership, limited liability company, association or other business entity.

Section 8. Certain Settlement Provisions. The Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action, suit or proceeding without the Company's prior written consent. The Company shall not, without Indemnitee's prior written consent, settle any action, suit or proceeding in any manner that would attribute to Indemnitee any admission of liability or that would impose any fine or other obligation or restriction on Indemnitee. Neither the Company nor Indemnitee will unreasonably withhold his, her or its consent to any proposed settlement.

Section 9. Savings Clause. If any provision or provisions (or portion thereof) of this Agreement shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee if Indemnitee was or is a party to, is threatened to be made a party to, or is otherwise involved in, as a witness or otherwise, any threatened, pending or completed action, suit or proceeding (brought in the right of the Company

or otherwise), whether civil, criminal, administrative or investigative and whether formal or informal, including any and all appeals, by reason of the fact that Indemnitee is or was or has agreed to serve as a director, officer, employee or agent of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action alleged to have been taken or omitted by Indemnitee in any such capacity, from and against all Losses suffered by, or incurred by or on behalf of, Indemnitee in connection with such action, suit or proceeding, including any appeals, to the fullest extent permitted by any applicable portion of this Agreement that shall not have been invalidated.

Section 10. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for herein is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or in part, it is agreed that, in such event, the Company shall, to the fullest extent permitted by law, contribute to the payment of all Losses suffered by, or incurred by or on behalf of, Indemnitee in connection with any action, suit or proceeding, including any appeals, in an amount that is just and equitable in the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such actions, suit or proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s); *provided* that, without limiting the generality of the foregoing, such contribution shall not be required where such holding by the court is due to any limitation on indemnification set forth in Section 4(e), Section 6, Section 8 or Section 9.

Section 11. Form and Delivery of Communications. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand, upon receipt by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier, one day after deposit with such courier and with written verification of receipt, or (d) sent by email or facsimile transmission, with receipt of oral confirmation that such transmission has been received. Notice to the Company shall be directed to [ ], email: [@cfgo.com], facsimile: [( )- -], confirmation number: [( )- -]. Notice to Indemnitee shall be directed to [ ], email: [@ .com], facsimile: [( )- -], confirmation number: [( )- -].

Section 12. Nonexclusivity. The provisions for indemnification to or the advancement of expenses and costs to Indemnitee under this Agreement shall not limit or restrict in any way the power of the Company to indemnify or advance expenses to Indemnitee in any other way permitted by law or be deemed exclusive of, or invalidate, any right to which any indemnitee seeking indemnification or advancement of expenses may be entitled under any law, the Company's certificate of incorporation or bylaws, other agreements or arrangements, vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's capacity as an officer, director, employee or agent of the Company and as to action in any other capacity. Indemnitee's rights hereunder shall inure to the benefit of the heirs, executors and administrators of Indemnitee.

Section 13. Defenses. In (i) any action, suit or proceeding brought by Indemnitee to enforce a right to indemnification hereunder (but not in an action, suit or proceeding brought by Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any action, suit or proceeding brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking by Indemnitee pursuant to Section 2, the Company shall be entitled to recover such expenses upon a final adjudication that, Indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Company (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or the Company's stockholders) to have made a determination prior to the commencement of such suit that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Company (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or the Company's stockholders) that Indemnitee has not met such applicable standard of conduct, shall create a presumption that Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by Indemnitee, be a defense to such suit.

Section 14. No Construction as Employment Agreement. Nothing contained herein shall be construed as giving Indemnitee any right to be retained as a director or officer of the Company or in the employ of the Company or any other entity. For the avoidance of doubt, the indemnification and advancement of expenses provided under this Agreement shall continue as to Indemnitee even though he or she may have ceased to be a director, officer, employee or agent of the Company.

Section 15. Jointly Indemnifiable Claims.

(a) Given that certain jointly indemnifiable claims may arise due to the service of Indemnitee as a director and/or officer of the Company at the request of Indemnitee-related entities (as defined below), the Company acknowledges and agrees that the Company shall be fully and primarily responsible for payments to Indemnitee in respect of indemnification or advancement of expenses in connection with any such jointly indemnifiable claims pursuant to and in accordance with the terms of this Agreement, irrespective of any right of recovery Indemnitee may have from Indemnitee-related entities. Under no circumstance shall the Company be entitled to any right of subrogation or contribution by Indemnitee-related entities, and no right of advancement or recovery Indemnitee may have from Indemnitee-related entities shall reduce or otherwise alter the rights of Indemnitee or the obligations of the Company hereunder. In the event that any of Indemnitee-related entities shall make any payment to Indemnitee in respect of indemnification or advancement of expenses with respect to any jointly indemnifiable claim, Indemnitee-related entity making such payment shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee against the Company, and Indemnitee shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such rights, including the execution of such documents as may be necessary to enable Indemnitee-related entities effectively to bring suit to enforce such rights. The Company and Indemnitee agree that each of Indemnitee-related entities shall be third-party beneficiaries with respect to this Section 15(a) and entitled to enforce this Section 15(a) as though each such Indemnitee-related entity were a party to this Agreement.

(b) For purposes of this Section 15, the following terms shall have the following meanings:

(i) The term "**Indemnitee-related entities**" means any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Company or any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise Indemnitee has agreed, on behalf of the Company or at the Company's request, to serve as a director, officer, employee or agent and which service is covered by the indemnity described in this Agreement) from whom an Indemnitee may be entitled to indemnification or advancement of expenses with respect to which, in whole or in part, the Company may also have an indemnification or advancement obligation (other than as a result of obligations under an insurance policy).

(ii) The term "**jointly indemnifiable claims**" shall be broadly construed and shall include, without limitation, any action, suit or proceeding for which Indemnitee shall be entitled to indemnification or advancement of expenses from both the Company and any Indemnitee-related entity pursuant to the DGCL, any agreement or the certificate of incorporation, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or comparable organizational documents of the Company or Indemnitee-related entities, as applicable.

Section 16. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide, in each instance, indemnification and advancement of expenses to Indemnitee to the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than the DGCL permitted the Company to provide prior to such amendment). Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import.

Section 17. Entire Agreement. This Agreement and the documents expressly referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are expressly superseded by this Agreement.

Section 18. Modification and Waiver. No supplement, modification, waiver or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. For the avoidance of doubt, (a) this Agreement may not be modified or terminated by the Company without Indemnitee's prior written consent; (b) no amendment, alteration or interpretation of the Company's certification of incorporation or bylaws or any other

agreement or arrangement shall limit or otherwise adversely affect the rights provided to Indemnitee under this Agreement and (c) a right to indemnification or to advancement of expenses arising under a provision of the Company's certification of incorporation or bylaws or this Agreement shall not be eliminated or impaired by an amendment to such provision after the occurrence of the act or omission that is the subject of the action, suit or proceeding for which indemnification or advancement of expenses is sought.

Section 19. Successor and Assigns. All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement in form and substance reasonably satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 20. Service of Process and Venue. The Company hereby irrevocably and unconditionally (a) agrees that any action or proceeding arising out of or in connection with this Agreement shall be brought in the Chancery Court of the State of Delaware (the "**Delaware Court**"), (b) consents to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (c) appoints, to the extent the Company is not otherwise subject to service of process in the State of Delaware, Intertrust Corporate Services Delaware Services Ltd, as its agent in the State of Delaware for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon the Company personally within the State of Delaware, (d) waives any objection to the laying of venue of any such action or proceeding in the Delaware Court and (e) waives, and agrees not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 21. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. If, notwithstanding the foregoing, a court of competent jurisdiction shall make a final determination that the provisions of the law of any state other than Delaware govern indemnification by the Company of Indemnitee, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

Section 22. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, notwithstanding that both parties are not signatories to the original or same counterpart.

Section 23. Headings and Section References. The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Section references are to this Agreement unless otherwise specified.

[Signature Page Follows]

This Indemnification Agreement has been duly executed and delivered to be effective as of the date first written above.

GROCERY OUTLET HOLDING CORP.

By: _____
Name:
Title:

INDEMNITEE:

_____
Name:

[Signature Page to Indemnification Agreement]

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No. 2 to Registration Statement No. 333-231428 on Form S-1 of our report dated March 26, 2019, (June 7, 2019 as to effects of the stock split discussed in the third paragraph of Note 1) relating to the consolidated financial statements of Grocery Outlet Holding Corp. and its subsidiaries appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ DELOITTE & TOUCHE LLP
San Francisco, California
June 7, 2019